November 04, 2026

To,
Listing/ Compliance Department
**BSE LTD.**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

**SCRIP CODE: 543748**

To,
Listing/ Compliance Department
**National Stock Exchange of India Limited**
"Exchange Plaza", Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

**SYMBOL: AARTIPHARM**

Dear Sir/Madam,

**Sub: Transcript for the Q2 FY27 Earnings Conference Call**
**Ref: Regulation 30 of the SEBI (LODR) Regulations 2015**

Please find enclosed the transcript of the Earnings Conference Call held on October 29, 2026, regarding the Company's Unaudited Financial Results (Standalone and Consolidated) of the Company for the second quarter and half year ended September 30, 2026.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
**For AARTI PHARMALABS LIMITED**

Jeevan Bhargav Mondkar
Digitally signed by Jeevan Bhargav Mondkar
Date: 2026.11.04 16:09:14 +05'30'

JEEVAN MONDKAR
**COMPANY SECRETARY AND LEGAL HEAD**
ICSI M. NO. A22565

Encl.: a/a.

# “Aarti Pharmalabs Limited

# Q2 FY27 Earnings Conference Call”

# October 29, 2026

**MANAGEMENT:** **MR. RASHESH GOGRI – MANAGING DIRECTOR**
**MR. PIYUSH LAKHANI – CHIEF FINANCIAL OFFICER**
**MRS. HETAL GOGRI – EXECUTIVE DIRECTOR**

**MODERATOR:** **MR. OM SANGHAVI – PHILLIPCAPITAL PRIVATE COMPANY GROUP**

**Moderator:** Ladies and gentlemen, good day and welcome to Aarti Pharmalabs Limited Q2 and H1 FY27 Earnings Conference Call hosted by PhillipCapital Private Company Group. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Om Sanghavi from PhillipCapital Private Company Group. Thank you and over to you, Om.

**Om Sanghavi:** Thank you. A very good afternoon, everyone. On behalf of PhillipCapital Private Client Group. I welcome you to the Q2 and H1 FY27 Earnings Conference Call for Aarti Pharmalabs Limited. Joining us today from the management are Mr. Rashesh Gogri, Managing Director, Mr. Piyush Lakhani, Chief Financial Officer and Mrs. Hetal Gogri, Executive Director. I would like to hand over the call to Mr. Rashesh sir for the opening remarks. Over to you, sir.

**Rashesh Gogri:** Good evening and thank you for joining us today to discuss Aarti Pharmalabs second quarter and half-year results for financial year 2027. The investor presentation relating to today's results has been filed with the exchanges and is available on our website for your reference. We continue to make healthy progress in all our business segments and are executing well on our growth strategy.

With a clear focus on near-term opportunities, we aim to further solidify our standing as a preferred partner in the global pharmaceutical supply chain. Moving on to our standalone financial for Q2 FY27, Aarti Pharmalabs maintained strong momentum delivering its highest ever quarterly revenue of INR613 crores as compared to INR417 crores, which is 47% increase Y-o-Y basis.

The EBITDA was INR136 crores as compared to INR74 crores in the corresponding previous period of the previous year and that is an increase of 84% Y-o-Y. The profit after tax for the Q2 financial year 27 was INR66 crores as compared to INR24 crores a year back, which is which was 2.75x the increase on last year's low base.

The EBITDA margins have remained healthy at 22.2% as compared to 17.7% in the same quarter last year. Now, I would like to tell you about the specific of the businesses in Q2 FY27. The xanthine derivatives and allied product segment contributed to 50% of the turnover. The volume split between the beverages and others was 62% and 38% respectively.

In terms of the geographical split, the export sales contributed to 59% and the rest was 41% with local sales. Due to geopolitical turmoil, the raw material costs have stayed

elevated and we are passing on the raw material increase to our customers. The API and intermediate business clocked 30% of the turnover.

The sub-segment wise breakup is 57% for the regulated market, 33% for the ROW market and 10% for the non-regulated market. Benefiting from the recent capacity expansion undertaken in the steroidal API, we have recorded healthy sales in this quarter. The third segment CDMO/CMO has contributed to 13% of the revenue in this quarter and we are presently working with 23 customers.

The number of active projects now is 59, out of which 39 projects are in commercial stages and 20 are under different stages of development, both at customers end. We remain on track to achieve our target of 40% to 50% revenue growth over last year on this business segment. The balance 6% turnover was other sales, which includes trading sales, export incentives and solvent and other scrap sales.

Let me share a brief update about our ongoing projects. The ground breaking of the Atali dedicated block, that is block number two has been done and we target to commercialize this block in the H2 FY28. The ramp-up of xanthine expanded capacity is progressing and we plan to achieve the full capacity by the end of FY27 and we will achieve the utilization sequentially in the next year.

The capacity expansion of the steroid block of API plant was completed and it has started contributing to the production and the revenue. I would like to share a few words about the strategic outlook. Building over 25 years technical expertise and heavy investments over last 3 years, 4 years, Aarti Pharmalabs has established a solid foundation to transition into robust multipillar global pharmaceutical partner. The mature xanthine derivative segment, where we hold a dominant market position, continues to serve as a cash cow. The company is also geared up to accelerate growth led by its high growth CDMO/CMO pillar, followed by API and intermediate segment.

We are working on all fronts for growing these segments. Ultimately, with the capacity addition still underway in the medium term, Aarti Pharmalabs is well positioned to deepen its global partnerships and drive substantial long-term value creation.

I now request the moderator to open the forum for Q&A. Thank you.

**Moderator:** Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. First question comes from the line of Ahmed Madha with Unifi Capital. Please go ahead.

**Ahmed Madha:** Yes, thanks for the opportunity. Sir, can you give status on the both the projects, the Xanthine one as well as the Atali Phase 1? How has the utilization been? Because we still see capital work in progress on balance sheet of INR300 crores plus. So, how should one read it the capitalization of the assets and how both the assets are operational?

**Rashesh Gogri:** Yes. As explained to you on the earlier calls, the Xanthine expansion was two-phase. First was to get the finished product out and that has been fully, as I mentioned in the speech also, that we plan to ramp up the production to full production capacity by the end of this year. And I think the same will continue on the intermediate production also.

That also will get fully operational by the end of this year. By the end of this year, you will see full capitalization of the Xanthine project.

The Atali Phase 1 is complete and I think in the Q3, we will do the capitalization. So we have taken the trial batches of Atali Phase 1B. Trials are actually underway this week and we will have full capitalization done on that block as well.

**Ahmed Madha**: Okay. So, in terms of the CDMO visibility with both the first phase A plus B both commercializing and the number of projects increasing as per your disclosures. What sort of visibility currently we have to be able to utilize Atali at the full capacity in the second half?

**Rashesh Gogri:** Yes. Basically, the Atali Phase 1A and B are serving different purposes. The 1B is a smaller line which can take care of early work for the newer projects, whereas the 1A which was commercialized was a commercial line. It was like more scale-up line kind of thing which is in the phase of commissioning now.

So, it won't have too much difference or too much bearing on overall capacity addition that we will have in Atali by doing the Phase 1B. But overall, we see that we will be able to completely utilize this Atali asset in the second half of this financial year.

**Ahmed Madha:** Sure. And on the Xanthine front, so compared to Q1, Q2, the top line is broadly same. So, how should one look at it? Is the volumes have been broadly same and the pricing has been the same or there has been volume increase and price decrease? There has been some change in the mix also in terms of the domestic sales proportion is much higher compared to the export sales proportion.

So, how should one read it in terms of overall volumes pricing for Xanthine in Q2 compared to Q1? And in terms of Q3, Q4, there should be a significant jump in volumes, is what we should assume?

**Rashesh Gogri:** Yes, I think Xanthine has Xanthine plus allied chemistry that we do. We had little bit of lower Xanthine sales due to the shipments being held up due to shipment issues, but more sales on allied products. Otherwise, we would have ideally had higher sales in this quarter, but it was restricted due to these dispatch constraints. I think that will get solved in the current quarter, hopefully. And with that, as you say, the sales numbers overall has to increase.

**Ahmed Madha:** Sure. Sir, in terms of API business, we have had some consolidation last few quarters. There was some price erosion issue and some capacity constraint as well. We have had decent improvement compared to last quarter.

So, how should one read it in terms of API business, API number of products, etc, that has improved or is that intermediate capacity space because of the Atali being operational, there is some space available in Vapi, you are utilizing that to improve your intermediate production? How should one read between API and intermediate and can this run rate sustain or improve going into second half?

**Rashesh Gogri:** Yes, I think API and intermediate sales segment is largely driven by API only, because we continue to occupy actually the intermediate space by CDMO largely. We are not doing too much aggressive sales of intermediates. And in API with the debottlenecking of steroids, I think block, we have been able to get the regular sales back into the fold, which was constrained in the Q1. Now Q2 onwards, we anticipate greater sales of steroid products with the expanded capacity continuing.

**Ahmed Madha:** Sure. And with the capitalization happening for all assets in second half, should we assume meaningful jump in operating expenses? Obviously, depreciation and finance cost will go up, but on the operating expenses side, you will have capitalized something. Everything, the entire cost structures should go up in second half. That is fair way to assume?

**Piyush Lakhani:** Yes, see the finance cost would basically remain at almost similar levels because most of the capex kind of financing we have arranged for, and depreciation is likely to go up as we capitalize here. So, depreciation cost will go up.

**Ahmed Madha:** And other operating expenses...

**Moderator:** Thank you. I'm sorry to interrupt you, Mr. Ahmed, but please rejoin the queue for more questions.

**Ahmed Madha:** Thank you.

**Moderator:** Our next question comes from the line of Sudarshan Padmanabhan with Ashika Investment Managers. Please go ahead.

**Sudarshan Padmanabhan:** Yes, thank you for taking my question and congratulations on great set of numbers. I have two questions from my side. One is if I look at the mix in this quarter, the mix has primarily been more favorable towards the contract manufacturing business. The gross margin has taken a hit.

So, would it be primarily because of the raw materials and how much of the price increase has basically been passed and how do we see the third and fourth quarter as we pass the raw material cost further?

**Rashesh Gogri:** Over Q1, I think Q2 the CDMO sales was almost double than Q1. And in terms of the pass-through, I think in the Xanthine and allied chemistry, we have been normally doing the pass on. And also in API also we have got some price increases. With the raw material cost increasing and the cost being passed on, I think that's why you see the little bit of number erosion on the EBITDA side by a couple of percentage points.

**Sudarshan Padmanabhan:** And more or less by the third and fourth quarter, we should be catching it up in terms of passing on the increase of prices. Would that be right?

**Rashesh Gogri:** Yes, we are already passing it on. Third, fourth quarter will have higher sales of CDMO. Overall EBITDA percentage number can improve in the third and fourth quarter.

**Sudarshan Padmanabhan:** My second question is on the balance sheet side. If I look at -- I'm just looking at the commentary, we are basically, we have added two commercial molecules compared to the last quarter on the CDMO side. And when I look at the balance sheet, we are seeing inventories as well as working capital moving up.

So, would it be the right assumption to say, given the fact that CDMO is scaling up, that we would have primarily prepared the inventory and this working capital is primarily to fuel the kind of growth that we are expected to see in the second half?

**Rashesh Gogri:** Overall working capital cycle remains close to 165 days or 167 days for us. What has happened is that since the sales turnover has gone, sales has gone up, of course, the need of working capital will also go up. And I think the CDMO business is also where

the sales normally is more lopsided towards the H2. I think in H1, we see the inventory build-up.

So, all these three factors combined, I think have resulted in higher working capital, but I think as we see the growth that we are targeting 40% to 50% growth of the CDMO business this year and next year also, it will further grow. I think we will unfortunately, we will have to live with the higher inventory overall within our system.

**Sudarshan Padmanabhan:** One final question before I join back the queue is, given that there is capacity is coming and you mentioned about depreciation and financial cost. Is -- below the gross margins, would we have absorbed a fair amount of cost for the expanded capacity or should we see higher cost both on the employees and opex with respect to the expanded capacity?

**Rashesh Gogri:** I think in H2, it will increase the overall apportionment because the 1B Block of Atali is also, you know, will get capitalized and I think the fully caffeine also the early intermediate also will get capitalized. All that getting capitalized, I think the expenses will also start recurring on the P&L side.

**Sudarshan Padmanabhan:** But operating leverage will basically absorb some amount of cost. So, the margins might not be very different. Probably, it could be better, I mean, in the EBITDA level?

**Rashesh Gogri:** Yes, I think 1 percentage point here or there, I think we should be there.

**Sudarshan Padmanabhan:** Sure. Thanks a lot. I'll join back the queue.

**Moderator:** Thank you. Next question comes from the line of Ankit Gupta with Bamboo Capital. Please go ahead.

**Ankit Gupta:** Congratulations for good set of numbers. Sir, on the Xanthine side, if we look at the past two quarters, we are already at INR1,200 crores plus kind of annual run rate without even fully utilizing the capacity or even not even nearing the full capacity. So, given how the current prices are, at full capacity, should we be expecting INR1,500 crores, INR1,600 crores kind of revenue from Xanthine?

**Rashesh Gogri:** Yes, if the prices remain high, we expect this to go up to INR1,400 crores to INR1,500 crores.

**Ankit Gupta:** Okay. Okay. And...

**Rashesh Gogri:** If the raw material prices will come down, then the top line will come down because we have pass-through on Yes.

**Ankit Gupta:** Okay, okay, okay. And sir, on the Atali expansion, so like we are almost will be capitalizing the CWIP that we have which I suppose will largely be from the Atali capex only in Q3. So, despite the operating expenses of that plant coming in, in Q3, Q4, with higher CDMO expenses given a CDMO revenue given we have done almost INR120 crores kind of revenue in first half of this financial year for us to grow to like 40%-50% as you have guided, like we will have will be doing close to INR280 crores-INR300 crores kind of revenue in the second half.

So, with that revenue, CDMO revenue which is at higher margins, we should still expect our margins to be higher than 22%-23% that we have reported in this quarter as you had said in your previous question?

**Rashesh Gogri:** Yes, see, margin percentage is, you know, factor of global raw material pricing plus how much more we are doing CDMO business. As we if the raw material prices due to this war impact and everything remains high, that will have a lower downward pressure on the margins and CDMO will give upward.

So, we have to see how both mixes remain in the second half and that will define the percentage margin. But in the absolute number, I think gross margins will keep on increasing whatever as we do more quality business going forward.

**Ankit Gupta:** Sure. Sure. This last question...

**Moderator:** Thank you. I'm sorry to interrupt, but please rejoin the queue. Yes. Next question comes from the line of Dhwanil Desai with Turtle Capital. Please go ahead.

**Dhwanil Desai:** Hi, good afternoon, everyone and congratulations for a very good set of numbers. So sir, first question is on the API Side. I think we have reached a run rate of INR180 crores. And if I remember correctly, we have capacity to serve up to INR1,000 crores kind of revenue.

So as now we are again ramping up once the headwinds are behind on the API side. Do we see kind of going to INR200 crores run rate by end of this year and then eventually INR250-odd crores? And a question tied to that, are we -- will we need more capacity to serve API demand thereafter?

**Rashesh Gogri:** Yes, just to give you that API plus intermediate segment is what INR180 crores is. And currently on the API manufacturing side that we have in Tarapur, there is a de-bottlenecking happening on the anti-cancer side, the block number three that we have,

we are trying to de-bottleneck. Once we have that de-bottleneck, we will have the capacity to manufacture more APIs.

And we can, depending on the product mix, we can achieve higher top line also from the current level. On the intermediate front that we manufacture and sell to the market, of course, it is dependent on the capacity that we have. And how much we are occupying in the CDMO and balance, we have a buffer product that we keep on producing. Overall, I think it is a fair idea that this 180-200 could be the base for second half every quarter. And then I think we'll have to see how the next year.

**Hetal Gogri:** And we are also in process of validating few new products which would be the base for the future.

**Rashesh Gogri:** Yes.

**Hetal Gogri:** In this quarter and the next quarter we will do that.

**Dhwanil Desai:** Got it, got it. Very clear. Second question on the CDMO…

**Moderator:** Thank you, sir. You have asked already two questions.

**Dhwanil Desai:** Sir, I already asked one question only.

**Rashesh Gogri:** Yes, take it. Take one question.

**Dhwanil Desai:** Yes, Yes. So, sir, second question on CDMO. I think we talked about 40%-50% growth and we are already in H2. So how should we look at going into FY28? And the reason I'm asking is that some of the molecules that we are supplying to will get commercialized, will get launched, in this year, next year.

Approval also will come from Obicetrapib. So with all those three or four molecules that we have, do we expect that 40%-50% kind of a growth next year? And with all these molecules put together, do we have a visibility to reach INR700 crores-INR800-odd crores once the Block 2 also comes into play?

**Rashesh Gogri:** See, as I mentioned, our target remains 100 million or INR1,000 crores, whichever comes first. You know, how we achieve it is dependent on how the customers get approval. We work on almost 59 projects and there are several projects which have good potential.

And it is a CDMO value chain where you can have ups and downs. But with the kind of seeding that we have done, we are fairly confident that we will achieve that number. When we will achieve is one year here or there. We'll stick to that number.

**Dhwanil Desai:** Okay, got it. Thank you.

**Moderator:** Thank you. Next question comes from the line of Kushal Goenka with Mangal Keshav. Please go ahead.

**Kushal Goenka:** Yes, hi sir, congratulations on a good set of numbers. Sir, my question comes back to the previous -- one of the previous participants who mentioned about the working capital. So now I understand that you mentioned about the inventories, but if you see the trade receivables also that has also substantially increased.

And because of that, the cash flow from operations are just INR30 crores as compared to around, I guess, INR270 crores of EBITDA that we did. And because of this, I guess, short-term borrowings have also increased to around INR650 crores-INR660 crores. So just wanted your thoughts on this, that, is the debtors' day increasing and how do you -- any thoughts on the same?

**Piyush Lakhani:** Basically the debtors would increase in terms of, you know, the sales also. The sales also have increased compared to the H1 of last year. And if you see the cash conversion cycle, which is what we track, is around 150-160 days. And that is what we basically think that is the baseline for our business.

**Kushal Goenka:** Okay, okay, thank you so much. That's it.

**Moderator:** Thank you. Our next question comes from the line of Rahul Jain with Credence Wealth. Please go ahead.

**Rahul Jain:** Hello, am I audible?

**Moderator:** Yes, sir.

**Rahul Jain:** Hello. Yes, thanks for the opportunity and sir, congratulations on a very good set of numbers. So my first question is with regards to this, CWIP of about INR300 crores. So in the second half, apart from the utilization, capitalization of this INR300 crores which you said you will do it in Q3, any further capex and capitalization to be done in the second half?

**Piyush Lakhani:** So there will be some smaller projects also which…

**Rashesh Gogri:** But total capitalization will not exceed this INR300 crores number. It will be lower only because some projects will fall to next year also, Q1 of next year. We do not anticipate beyond this any capitalization.

**Rahul Jain:** Sure. And the capex amount in the second half?

**Rashesh Gogri:** Overall, we have targeted a capex of around -- total capex of around INR350 crores to INR400 crores for the year.

**Rahul Jain:** Sir my second question is with regards to your guidance, sir. You have been in general being conservative and maintain that EBITDA and revenue growth of around 15%, 18% for many quarters now. But given what we have done in first half, both in terms of revenue and, EBITDA, we are well ahead of that number.

Also, given the Atali expansion coming through, Xanthine ramp-up in next year, plus having visibility on CDMO with the large number of projects. So do we feel there is ample scope to upgrade this guidance of 15%, 18%? Not just for this year. This year looks quite certain it will be much higher, but even for even FY28 over and above FY27 numbers?

**Rashesh Gogri:** Yes, overall, see, we are giving 3-year guidance, so we do not want to give a pointed guidance for this financial year. And half-yearly or quarterly volatility, we do not want to comment on this.

Overall, one thing is what I want to reassure you is that the strategy is working and overall, all the 3 businesses that we run are poised to do the growth in future, and I think we are on track for all our guidance number. I think one year can be higher, last year we had a little bit of lower numbers, of course this year looks promising going forward.

**Rahul Jain:** Just one more small bit, sir. In terms of API, you mentioned in your presentation as well as your remarks, the headwinds are subsiding. So with regards to the environment, if you can share some more details, with regards to the API segment, what exactly is happening? Demand is coming back or prices are much better now? You can share some insights on that.

**Hetal Gogri:** So like, in Q1, as, Rashesh mentioned earlier, we had, one of the major block shutdown which got over, and that is the reason why Q2. And then some of the projects, we are trying and converting it to further more regulated markets.

We are very much focused on regulated business, some of the products are getting matured even further to go for the newer approval with our customers in regulated market, and that is giving us a little higher margin compared to the ROW and other markets. And going forward, in API, we are very much focusing on R&D and targeting newer validations going forward.

And, we will be working towards it. We will see that if we are able to capture the -- as a first source with our customers for a newer project, we will would want to improve our margin in that scenario.

**Rahul Jain:** Sure, thank you so much and wish you all the best.

**Hetal Gogri:** Thank you.

**Moderator:** Thank you. Next question comes from the line of Kaushal Sharma with Equinox Capital Venture Private Limited. Please go ahead.

**Kaushal Sharma:** Yes, hi sir, very good evening. Am I audible?

**Hetal Gogri:** Yes.

**Kaushal Sharma:** Yes, just one question on your CDMO side. Of 39 commercial stage and 20 development stage CDMO projects, what are the key therapeutic areas and type of molecules you are working on, and how are these projects split across each therapy? Could you guide on this?

**Rashesh Gogri:** We have products which are going for antihypertensive, for pain management, anti-cancer, or CNS; varied range of products we do, in our basket. So they are not concentrated only on the anti-cancer side or any such side.

**Kaushal Sharma:** And so are we working on peptide and all? Because we have R&D, so do we have any plan for that?

**Rashesh Gogri:** We are trying to set up the peptide lab. That is what we did mention earlier that we will set up. By the end of this financial year, we will have operational peptide labs with all the equipments. We have already started recruiting, the teams which have experience of peptide and we hope that for the next, calendar year we will start making customer business, start getting customer business in next financial year on the peptide and oligonucleotide side.

**Kaushal Sharma:** So in the development stage that we have, 20 development stage of CDMO projects, so do we have any peptide-based project in that?

**Rashesh Gogri:** Not any major project. I think, Yes, we have one or two liquid phase ones, but not any major solid phase.

**Kaushal Sharma:** But in future, we are expecting that some development would happen in this?

**Rashesh Gogri:** Yes, I think peptide and oligonucleotide are these two areas where we feel that, there is a lot of opportunity, I think, and which we can capture. Of course, these are highly complex chemistry which require very precision in purification and conjugation.

So all that we will have to get the experience on, on doing this. Of course, we are hiring experienced chemists and scientists to work on that. We will see how it goes. I think next year will be the year where we will do a start, we will pitch to the customers and see how it goes and then I will be able to give you a firm commentary that how we are progressing on this.

**Kushal Sharma:** Got it. Got it. Thank you very much for answering my questions. All the best.

**Moderator:** Thank you. Next question comes from the line of Dhruv Sitlani with Vyomora Capital. Please go ahead.

**Dhruv Sitlani:** Thanks for the opportunity and congratulations on a great set of numbers. So my first question is, how much of the growth in API for this quarter was driven by pricing versus volume growth?

**Rashesh Gogri:** This is largely volume-driven. The current growth was largely volume-driven.

**Dhruv Sitlani:** Okay, so on the API and intermediate business, what sort of growth do we expect over the next 3 to 4 years? Will this largely be again volume or new product-led growth?

**Rashesh Gogri:** Both. It will be new product-led as well as the volume growth, and in earlier calls also I have mentioned that, we'll have 10% to 15% growth every year on this business, or we probably in certain years we can have higher growth also.

**Dhruv Sitlani:** Okay, sir, thanks for the colour. On the API, our competition is primarily Chinese competitor or other API company within India?

**Rashesh Gogri:** Both.

**Hetal Gogri:** Both.

**Rashesh Gogri:** Both, both.

**Dhruv Sitlani:** Okay. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Aaryan Mehta with Shravas Capital Please go ahead.

**Aaryan Mehta:** Hi, congrats on the great set. Earlier you mentioned that, there was some spill over of the Xanthine sales due to shipment issues. Can you quantify how much that was?

**Rashesh Gogri:** That would be around, 5% of this quarter's strength in number sales.

**Aaryan Mehta:** And also, our guidance for, this year of CDMO, let's say, of 40% to 50% growth, I think we need around INR280 crores-INR300 crores more. So, and, there's also our LDL-lowering molecule which is ramping up. So how confident are we on meeting the guidance of that 40% to 50% growth?

**Rashesh Gogri:** No, as I mentioned, we are maintaining the guidance. We will get to that number.

**Aaryan Mehta:** Sure. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Arun with Unifi Capital. Please go ahead.

**Arun:** Yes, thank you and congratulations on a good set of numbers. Sir, in August you had said that the realization per kg would decline in Q2 for xanthine, but on a Q-on-Q basis the revenue of xanthine is almost flat. Could you break it up between the price fall and how much did the volume grow sir?

**Rashesh Gogri:** No, actually what has happened is that xanthine and then we have the allied chemistry which we do along with xanthine which is classified identified on the xanthine chemistry. There was a bump in that chemistry apart from the xanthine. The xanthine numbers actually have fallen a little bit, whereas the allied chemistry top line has increased. Overall, I think on the xanthine side, we have some fall in the average realization. We need to check the exact number, but around some fall on the realization.

**Arun:** Okay. And on the volume side, sir?

**Rashesh Gogri:** Yes, volume side, I think, we have…

**Hetal Gogri:** As mentioned earlier, there was a 5%, material which got stuck. Because of that, there will be some fall on xanthine. And the allied products, the volume and the turnover was higher.

**Rashesh Gogri:** Yes.

**Arun:** Got it. And it's due to, it's due to the peak in debt, or will it rise further, sir, with the remaining capex? So can you guide on that?

**Rashesh Gogri:** On the xanthine, we will further improve our top line.

**Hetal Gogri:** Yes.

**Arun:** Okay. And my question is on the debt as well. Debt went about INR150 crores in H1

**Rashesh Gogri:** Yes.

**Arun:** Just INR250 crores of FY27 capex still to come. We see there, this would be the peak, or you would still need more debt to do your capex?

**Rashesh Gogri:** Well, we will need more debt.

**Arun:** Okay. And that would be just for this INR250 crores?

**Moderator:** Thank you sir. You may please rejoin the queue for more questions.

**Arun:** Sure. Yes, thanks.

**Moderator:** Thank you. Next question comes from the line of Ashish with Leo Capital. Please go ahead.

**Ashish:** Congratulations on a good set of numbers, sir. For the xanthine business, how much of our growth was driven by value and volume growth on a year-on-year basis for this quarter? How does xanthine prices compare versus last year and last quarter?

**Rashesh Gogri:** The xanthine prices, on an average, our realization is up, 10% to 15% over last year, realization. Overall, in this entire year, we will have, probably close to 15%, 20% jump over last year's volume.

**Hetal Gogri:** Yes, last year was 6,000.

**Rashesh Gogri:** Yes, last year we did close to 6,000. We will have 15% jump on, on the volume this year over last year.

**Ashish:** Got it. And, pricing-wise, what was the pricing, sir, on Xanthine?

**Rashesh Gogri:** 15% higher this year, average.

**Ashish:** Okay, okay, okay. What sort of utilizations are we operating at on the expanded capacities on the Xanthine business which we added in Q2? By when do we expect full, utilization?

**Rashesh Gogri:** No, no, full utilization we, we have not planned for full utilization. Over next two years, we will gradually reach to 90% utilization. Our capacity nameplate will be

9,600, so we will operate around 8,800 or at the highest level in next two years. Next year we should anticipate 7,500 to 8,000 in that range.

**Ashish:** And currently.

**Rashesh Gogri:** Yes, near 7,000.

**Ashish:** Okay. Thank you. Thank you sir.

**Moderator:** Our next question comes from the line of Ankit Gupta with Bamboo Capital. Please go ahead.

**Ankit Gupta:** Yes. Thanks for the opportunity again. So, the first question is on the CDMO side. We have been targeting INR1,000 crores of revenue as you have indicated in earlier calls, whether it is FY28, FY29 or FY30 we will see. But, given the current, so, two parts to the question. So, given the current pipeline that we have and the current set of capacity, including the dedicated block that is supposed to come in the second half of next financial year. So, is our pipeline and the visibility for INR1,000 crores revenue there, plus the capex with this new dedicated block also coming in, will we have enough capacity to reach that number of INR1,000 crores?

**Rashesh Gogri:** Yes, we should have enough capacity to reach INR1,000 crores with the new dedicated capacity coming in. But I think, as I mentioned earlier, we will not restrict our capacity with that. If we have more visibility of the newer projects or the demand of the current projects is also increasing, we will have to put up additional capacities because the current dedicated block capacity is only planned for a few projects. But if we have more projects having more visibility, then we will have to put more manufacturing assets.

**Ankit Gupta:** So, this year anyway we are doing INR400 crores capex. Next year we have plans for the new dedicated block which is coming in, a part of which will spill over from this financial year to next financial year. So, apart from that also we are looking to add capacities, plus you have been indicating that we will put up more dedicated blocks. So, as of now we have some indications on putting up new capacities for next financial year, as well as new dedicated blocks.

**Rashesh Ghogri:** No, I think still we are figuring it out. I think next year we will decide how much more needed and where to put it.

**Ankit Gupta:** Okay.

**Rashesh Ghogri:** Yes.

**Ankit Gupta:** Okay. Sir, on the Xanthine, once we reach the full capacity utilization by next financial year hopefully, so we would be looking to expand capacity or we are not looking to put in any more capex on the Xanthine side?

**Rashesh Ghogri:** No, I think we will have second largest capacity in the world and I think we will be happy to maintain this position. I think for next few years and then see how it goes. Yes, because we have gone up from 5000 to 9000 plus capacity.

**Ankit Gupta:** Yes. And sir, on pricing side, we have seen, there will be two parts to the pricing. So, one will be the impact of the crude and second will be the impact of China, Chinese government authorities withdrawing the rebate that they were giving to the companies on the exports. So, let's see, even if the crude prices come down, do you think the pricing that we are seeing on the Xanthine side will be sustaining or it will come down? What is your view on the pricing given how the current scenario is?

**Rashesh Ghogri:** In Xanthine, there are three segments. So, in the spot segment, the prices will have pressure. I think the pharma and the beverages section, anyway, we will have more stability on the price.

**Ankit Gupta:** Okay. So, you think at least on those sides, the existing prices can sustain going forward also?

**Rashesh Ghogri:** Existing absolute margin will sustain at least for next financial year. Then we will have to see how the next year goes.

**Ankit Gupta:** Okay. Thank you and wish you all the best.

**Moderator:** Thank you. Next question has come from the line of Kirtan Donga with Himalaya Capital. Please go ahead.

**Kirtan Donga:** Hello. Thank you for the opportunity. My first question was, for the Atali Block 1, what sort of asset turns do we expect for the multipurpose block?

**Rashesh Ghogri:** See, multipurpose block, as such -- Atali total capitalization was done, which has greenfield project. So, where the block had one value and then there was all the central utility, warehouse, the land development and everything. So, there the asset to turn will not be very high. But I think the newer blocks, we have given the guidance that it will have 1.2 to 1.4 kind of a turn on asset side.

**Kirtan Donga:** Is there any -- some number, if possible?

**Rashesh Ghogri:** I mentioned to you the number, no?

**Kirtan Donga:** That was for the new block.

**Rashesh Ghogri:** So, assume that current block is also of the same cost and same size, it will have this kind of an asset turn.

**Kirtan Donga:** Okay. And the second question was, do we largely expect Atali to be used for CDMO business or do we also expect the generic API business to come from here?

**Rashesh Ghogri:** No, there won't be any API business. Some intermediate business plus CDMO.

**Kirtan Donga:** So, largely it will be CDMO only?

**Rashesh Ghogri:** Yes, CDMO plus intermediate. Yes.

**Kirtan Donga:** Okay. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Piyush Bangar with Vijit Global Securities Private Limited. Please go ahead.

**Piyush Bangar**: Yes. Thank you for the opportunity. My question is related to the peptides and oligonucleotides business. As you said that the lab will be operational by the end of FY27 and the numbers will be reflecting from FY28 onwards. So, what kind of numbers do we anticipate in terms of percentage of total revenue in FY28 and ahead?

**Rashesh Ghogri:** It's too early to give any number or any guidance. We are just setting it up. So, I think this question next year would be a good question, for you to ask. Currently, I can't comment with any greater visibility on this.

**Piyush Bangar**: Okay. Thank you. Thank you very much. Yes.

**Moderator:** Thank you. Next question comes from the line of Tushar Raghatate with Omega Portfolio Advisors. Please go ahead.

**Tushar Raghatate:** Thank you for the opportunity. My question is on API. So, historically, in the last 3 years, the API percentage contribution was near to 40%. In the last three quarters, it has reduced down to 30%. I could see that you have filed a DMF in the prostate cancer drug. What sort of opportunity do you see in that cancer drug? And your 5-year view on the DMF pipeline, which we plan to kind of file.

And the next question is on the CDMO. So, the peptides and oligonucleotides kind of research what we are doing. I just want to understand the next 5 years; this is for small molecules. Any plans, any aspiration for entering into large molecules and other different types of modalities?

**Rashesh Ghogri:** Yes. On the first question, we have a strong portfolio of 61 APIs. Out of which next financial year, we will have several patent expiries expected. And those products will be launched with our partners in their markets where they have partnered with us. That will have some sales happening in that region. And we still have to quantify who is getting the market share and how overall the dossier guys with whom we are sold are able to capture. And that will define the growth for us.

So, second thing is on the current existing products also that we have -- we are trying to get newer and newer customers as an AVD programme, Alternate Vendor Development. And that is where, we will gain market share.

Coming to your CDMO question on the peptides and oligonucleotides, those are large molecules which we are trying to develop. Apart from that, we are also trying to develop the linkers also as a modality. And I think these few modalities, small molecules, peptides, oligonucleotides, as well as the linkers, ADC linkers. All these will be what we will offer to our innovator customers.

**Tushar Raghatate:** Okay. So, that is from India. What is the right to win for the DMF filing which we plan going forward? Is there any strategy that we are only filing for where there is less of a competition? What is our view on the pipeline for the next 5 years?

**Rashesh Ghogri:** No, we have strong pipeline but of Onco products. I think largely driven by the Onco products and where we have several projects with dossier makers and US market consumers. We have to see who is getting the market share and that will define how the segment will grow. I think I have given the guidance number on what our aspiration is. We will have to see what number comes on the growth on API side.

**Tushar Raghatate:** Okay. That was helpful. Thank you.

**Moderator:** Thank you. Next question comes from the line of Ameya Deosthali with Value Equity. Please go ahead.

**Ameya Deosthali** Hi. Looking at our recent filings, whether it be Onco or Antidepressants on DMS and CEP, what are the targeted therapeutic areas that we want to focus on over the next 2 years, 3 years which we can say large mix over the next 2 years?

**Rashesh Ghogri:** Anti-diabetic range of products, blood thinners, anti-hypertensives. These are the products apart from steroids which goes for the inhalation. I think we have good projects that are getting commercialized there. And of course, Oncology, we have several projects that will get commercialized. So, all these are the growth areas that will be for us on the API side for next few years.

**Ameya Deosthali:** Okay. And, the second question, in the peptides R&D, I was just looking at the renovated website. You have given full disclosure on SPPS, LPPS, and types of peptides that you're starting work on as you said. So, do we see R&D spends accelerating over the next 1 or 2 years, and how do we see Aarti Pharmalabs as a company kind of hiring the top R&D talent required for such an intense chemistry like peptides?

**Rashesh Gogri:** You rightly mentioned, we will invest more in the research and we will have more R&D expense. Happening going forward. I think attracting talent is a very important function of the management, that how we are able to attract talent. And we were glad that we could attract good talent over FY26-FY27 and last year also. So, we have the new CSO who has joined since last 9 months. And then we also had a new API R&D head who joined us.

We are also further recruiting on the R&D side for the team. So, I think with the renewed focus on peptides and complex chemistry, we are very sure that we will have good talent in our team to deliver the strategy that we have defined.

**Ameya Deosthali:** Okay, and let's just squeeze the last question on xanthine. Do we have a breakup on what is the spot market sale versus as you said, the pharmaceutical or the other grade sale?

**Hetal Gogri Gala:** We don't actually give that.

**Rashesh Gogri:** Yes, we are not giving that breakup currently.

**Ameya Deosthali:** Okay, okay, thanks. Congratulations, all the best.

**Moderator:** Thank you. Next question comes from the line of Rupesh Tatiya with Long Equity Partners. Please go ahead.

**Rupesh Tatiya:** Yes, thank you for the opportunity, sir, and congratulations on good set of numbers. First question, sir, is on API segment. So, I was looking at some numbers and I think we did, let's say, INR920 crores sales in API in FY25, which came down to INR650 crore, and in first half, this is around 345 town figures, and I think we, we were aspiring that FY27 API sales will be closer to FY25. So, do you still aspire to get there in, in this year?

**Rashesh Gogri:** No, the API sales on FY25 was, 43% of, total sales, and which last year became close to 36%. In the current financial year, we are at close to 30% of the API on the total. And I think overall numbers are increasing, and I think our R&D number is increasing faster. Overall pie is increasing, and last year we had a dip overall on the API side. We

first have to regain to the previous year number, which we of course will cross this year and then move forward.

**Rupesh Tatiya:** So, so I mean, will we get to previous year high this year and then let's say 15-20% growth next year?

**Rashesh Gogri:** We'll have to see how, how this year goes. That is our target that we'll get to the new, new number, new higher number.

**Rupesh Tatiya:** Okay, okay. That is one. The second question, sir, is on Slide 12, where we're looking at, let's say, INR1,000 crores revenue in CDMO in 2-3 years. So now there are, there are 2 ways to think about it, right? So, one, one way is that in, let's say, FY25, FY26, and H1 FY27 last, let's say, 18 months, 6 molecules have gone into commercialization.

From 33, it has gone to 39. So, either the potential of these 6 molecules is really large that they can be INR500-INR600 crores, and then we can go to INR1,000 crores. That is one way I can imagine INR1,000 crores. Or another way is that your under-development pipeline has to go from 20 to let's say 100, at least 70-80. Because the, the underdevelopment pipeline has actually not moved at all for last 3-4 years. So how, how, I mean, can you just address both of these aspects for these 6 commercial molecules?

**Rashesh Gogri:** I will explain you how we are keeping the pipeline. The pipeline that you are seeing as the constant number, actually it is a moving number. The pipeline has new additions and also deletions. The projects which fail in the clinical phases go out also. This is the current pipeline. This is not a cumulative number which is only one way & increasing. The number keeps on churning. So, I think that's why you are saying that the number is remaining high, but from the 21 under there will be certain which will go out. And that will not get commercialized. And then we'll add more commercial molecules. We have more certainty on the 39 projects that we have than the 21 projects that we have on the underdevelopment side..

On the 39 projects also, we have certain projects that have just been transferred last year and they are campaign products. There was a big increase in projects that moved from China to us as a China Plus One strategy, where we were added as additional source. And there, these projects were not very large, but the number of projects has increased. And these projects, have a cycle of approval and have a campaign cycle. So, all those factors are a little bit complex than the simple, justification that you derived to get. However we have few good projects, which will drive bulk of the sales number. So, this 80/20 rule of number of projects, 20% project driving 80% revenue, still applies in this as well.

**Rupesh Tatiya:** So yes, so, so just to summarize, sir, if, if end markets perform well, which, which is not in our control with the existing combination of commercial projects and under-development projects, INR800-1000 crores revenue visibility is there even with the existing set of molecules. That's a fair inference.

**Rashesh Gogri:** The 10 to 12 projects that we have out of the 60 projects, the 20% projects, will drive INR700 crores to INR800 crores of the revenue for out of the INR1,000 potential that we have overall.

**Rupesh Tatiya:** Okay, okay, okay. Yes, yes, thank you, thank you for answering my question.

**Moderator:** As there no further question from the participant, I now hand over the conference, over to the management for the closing remarks. Thank you. And over to you.

**Rashesh Gogri:** I would like to thank everyone who participated in our conference. Thank you. Happy Diwali.

**Moderator:** Thank you so much, sir. Ladies and gentlemen, on behalf of Aarti Pharmalabs Limited and PhillipCapital India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.