CONCORD BIOTECH LIMITED

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November 03, 2026

To The Manager, Listing Department **National Stock Exchange of India Limited** Plot No. C/1 G Block, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051 Symbol: CONCORDBIO	To General Manager, Listing Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 543960

Subject: Transcript of Q2 - FY27 Earnings call held on October 28, 2026

Dear Sir/Ma'am,

In continuation of our letter dated October 28, 2026 regarding Earning Call Recording- For the Second Quarter ended on September 30, 2026 and pursuant to Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings call for the said period is enclosed herewith and shall also be available on the website of the company at the following link.

https://concordbiotech.com/investor/

Kindly take the same into your records and oblige.

Thanking you,
Yours faithfully

For Concord Biotech Limited

Paritosh Trivedi
Digitally signed by Paritosh Trivedi
Date: 2026.11.03 15:22:29 +05'30'

Paritosh Trivedi
Company Secretary & Compliance Officer
ACS 63623

Encl: as above

“Concord Biotech Limited Q2 & H1 FY ‘27 Earnings Conference Call”

October 28, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 28th October 2026 will prevail.

MANAGEMENT: **MR. ANKUR VAID – JOINT MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, CONCORD BIOTECH LIMITED**
MR. RAVIRAJ KARIA – CHIEF FINANCIAL OFFICER, CONCORD BIOTECH LIMITED
MR. PRAKASH SAJNANI – ASSISTANT VICE PRESIDENT (FINANCE), CONCORD BIOTECH LIMITED

MODERATOR: **MS. MAITRI SHETH – CHOICE INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, welcome to the Q2 & H1 FY '27 Earnings Conference Call of Concord Biotech Limited hosted by Choice Institutional Equities.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantee of the company's future performance and involves risks and uncertainties that are difficult to predict.

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 "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Maitri Sheth from Choice Institutional Equities. Thank you, and over to you, ma'am.

Maitri Sheth: Good afternoon, everyone. On behalf of Choice Institutional Equities, we welcome you all to Q2 and H1 FY '27 Earnings Conference Call of Concord Biotech Limited.

Today on the call, we are joined by Mr. Ankur Vaid – Joint Managing Director and Chief Executive Officer, Mr. Raviraj Karia – Chief Financial Officer, and Mr. Prakash Sajnani – Assistant Vice President (Accounts), along with SGA, their Investor Relations Advisor.

We will begin the call with opening remarks from the Management, followed by a question-and-answer session. Thank you, and over to you, Mr. Vaid.

Ankur Vaid: Thank you and a warm welcome to all on our Q2 and H1 FY '27 Earnings Conference Call.

We are pleased to report a strong performance for the quarter ended 30th September 2026.

Revenues for Q2 FY '27 grew 25% year-on-year. For the first half of the year, the 6 months ended 30th September 2026, revenue grew 26% over the same period last year. So the momentum has held through both quarters.

What is particularly encouraging is how broad this growth has been. It came from every product category and every geography. Immunosuppressants, anti-infectives, antifungal and oncology all grew. Anti-infective, antifungal, and oncology grew faster in percentage terms on account of increased market penetration for the products commercialized in the last couple of years. These newer segments are clearly gaining traction, and we are optimistic of future. At the same time, we continue to win a larger share of our customer's spend in immunosuppressants.

To provide further perspective, our immunosuppressants business delivered high double-digit growth, while anti-infectives and antifungal grew in line with the company average growth. Our oncology business nearly doubled compared to the corresponding period last year. Taken

together, this shows a healthy, well-balanced portfolio, leaving us well-paced as we move into the second half of the year.

Speaking of highlights for H1 FY '27:

We received ANDA approvals for Tofacitinib and Mycophenolate Mofetil Oral Suspension which strengthen our formulation portfolio. We also filed a Drug Master File for Fidaxomicin in the US, which adds to our API opportunities in that market.

We successfully completed the USFDA inspection of our Unit-II formulation facility at Valthera, Ahmedabad. We also received ANVISA approval for our Unit-III facility at Limbasi. Both outcomes reflected our continued focus on regulatory compliance and strengthened our position to serve customers in regulated markets.

We have launched Inspira, our dermatology division. It takes us beyond our existing portfolio into science-led skin health solutions. The aim is to meet changing patient needs and build stronger relationship with dermatologists and other healthcare professionals.

Lastly, board recommendation of 1:1 bonus issue has been approved by shareholders and will take effect in the coming weeks. The bonus issue reflects our confidence in delivering sustained growth and long-term value for all our stakeholders.

Moving on to segmental performance:

API revenue grew by 30% year-on-year during the quarter, while formulation revenue increased by 6%. The domestic formulation business delivered a strong growth of 29% in Q2. The relatively modest growth in overall formulation revenue was primarily attributable to a shift in the procurement strategies across emerging markets, with certain customers increasingly opting to procure API instead of finished formulations, as well as the transition of business from Advergent to our wholly owned subsidiary in the US, Stellon Biotech.

On the growth front, we are actively engaging with several large domestic and global customers for our injectables business, and we expect to finalize contracts in the near term. Securing these contracts would drive higher utilization of our injectables manufacturing facility, providing significant growth potential. The resulting faster ramp-up is expected to support revenue growth and improve margins over time.

At Concord, we believe it is more appropriate to evaluate the overall business growth rather than view API and formulation revenues in isolation. Our focus remains on expanding end-customer sales and increasing our wallet share, irrespective of whether the business is routed through API or formulations.

While the revenues mix may vary depending on individual customers' procurement strategies, we continue to see an improvement in our share of their overall procurement. Domestic API revenue grew by 42% year-on-year in Q2 FY '27, while export revenue increased by 8%.

However, including deemed exports, the overall contribution from exports would be significantly higher. This is because several customers are increasingly shifting their procurement to Indian subsidiaries from where the products are subsequently exported to regulated markets. These trends are largely driven by individual customer procurement strategies. Accordingly, we believe the more meaningful metric is the overall growth in our share of customers' total procurement, supported by deeper customer relationships and new customer additions across both domestic and international markets.

Speaking about margins for the current year, we witnessed a gross margin contraction of approximately 400 basis points year-on-year, primarily driven by an increase in raw material prices, particularly the solvents, amidst ongoing geopolitical uncertainties and broader supply chain disruptions. We believe these pressures are temporary in nature and have impacted our quarterly performance.

However, on a full-year basis, we expect to recover the margin impact to an improvement in revenue coupled with effective cost optimization measures and optimum inventory management.

Margins were also impacted by higher power and fuel cost. This was partly offset by the renewable energy sources in which we invested last year. As power and fuel costs stabilize, we expect to realize the full benefits of these renewable energy investments providing further support to our overall margin profile.

On the EBITDA front, our reported margins stood at 33.8% in Q2 FY '27. For H1 FY '27, EBITDA margins remained fairly stable at 33.0% compared to 33.2% in H1 FY '26, despite the contraction in gross margins. This demonstrates the inherent operating leverage and resilience of our business model.

Excluding expenses associated with our new injectable facility in Stellon, where revenues are yet to ramp up, our H1 FY '27 EBITDA margin would have been approximately 37.8%, closer to our historical margin levels. As these investments begin to contribute to revenue and the input cost environment normalizes, we expect our margins to progressively improve.

Before I conclude, I would like to highlight the key strengths and growth opportunities that position Concord well for the future. Over the years, Concord has established itself as a leading research-driven biopharmaceutical company with deep expertise in fermentation technology. Our extensive portfolio of fermentation-based APIs, supported by a robust pipeline, strong R&D capabilities and established manufacturing capacities provides us with a solid foundation to capitalize on growth opportunities ahead.

In addition to strengthening our core API business, we are actively exploring CDMO opportunities in fermentation-based APIs. Our established technical capabilities, process expertise, and manufacturing infrastructure position us favorably to pursue these opportunities and create additional avenues for growth.

We are also building a presence in the U.S. formulation market through Stellon, our front-end distribution platform. While the business is currently at a nascent stage, we believe it has significant potential to emerge as a meaningful contributor to our growth over the coming years.

Looking ahead to FY '27 and beyond, we remain confident in our ability to sustain our growth momentum, supported by strong business visibility from our pipeline and the execution of our long-term growth strategy. Our niche capabilities in fermentation-based products and leadership position in key molecules continue to provide us with a distinct competitive advantage.

While remaining mindful of external developments and evolving business environment, our priorities remain clear: deepening relationship with existing customers, expanding our market presence, capitalizing on emerging opportunities, and continuing to invest in our core capabilities. With these strategic priorities in place, we are confident of further strengthening Concord's market position and transitioning our capabilities and emerging opportunities into sustainable long-term business growth.

With that, I would now like to hand over to Raviraj to take you through the financial performance. Thank you.

Raviraj Karia: Thank you, sir, and good afternoon, everyone. Let me take you through the financial performance for the Q2 and H1 FY '27.

Revenue for Q2 FY '27 stood at Rs. 309.1 crore compared to Rs. 247.1 crore in Q2 FY '26, registering a year-on-year growth of 25%. For HY '27, revenue increased by 26% to Rs. 566.6 crores compared to Rs. 451.1 crore in the same period HY FY '26. API revenue for the quarter stood at Rs. 250.1 crore, registering a growth of 30% year-on-year, while formulation revenue stood at 58.9 crores, growing by 6%.

As highlighted earlier, we believe Concord's performance is best evaluated on the basis of overall business growth rather than the quarterly revenue mix between APIs and formulation, as customer procurement strategies may influence the mix between these segments. Domestic revenue grew **by 42% for Q2 FY'27** , while the export revenue increased by 8%. As discussed earlier, changes in the customer procurement patterns can influence the reported revenue mix between domestics and export markets.

Gross margin for Quarter 2 FY '27 stood at 76.2%, contracting by approximately 400 basis points on year-on-year basis, primarily due to higher raw material prices and changes in the product mix. For H1 FY '27, gross margins stood at 77.4% compared to 79.1% in HY FY '26.

On a half-yearly basis, margins have remained relatively stable despite the input cost pressure experienced during the quarter.

EBITDA for Quarter 2 FY '27 stood at Rs. 104.4 crores, registering a year-on-year growth of around 18%. For HY FY '27, EBITDA increased by 25% to Rs. 187 crores. EBITDA margin stood at 33.8% for Quarter 2 FY '27 and 33% For H1 FY '27. Excluding the expenses associated with our new injectable facility and Stellon, where the revenues are yet to scale up, EBITDA margin would have been 37.1% for Quarter 2 FY '27 and 37.8% for FY '27 for the first half. This reflects the underlying profitability of our established business, excluding investments in the growth initiatives.

When I talk about the PAT for Q2 FY '27, it stood at Rs. 69.6 crores, registering a year-on-year growth of 10.3%. For H1 FY '27, PAT increased by 19% to Rs. 127.3 crore. PAT margins for Q2 and H1 FY '27 stood at 22.5%. However, if we look at the PAT excluding the share of profits from our JV, PAT for H1 FY'27 increased to Rs. 126.7 crores compared to 103.2 crores with a growth of 23% year-on-year.

Lastly, Concord continues to maintain a zero-debt balance sheet with cash and cash equivalents of around Rs. 445 crores as of September 30, 2026, reflecting our continued focus on financial discipline and balance sheet strength.

With this, I would like to conclude my remarks on the financial performance and open the floor for questions and answers. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Yash Tanna from I thought PMS. Please go ahead.

Yash Tanna: So my first question is, the API revenue is bouncing back well. If you can highlight a few key products, geographies where you are seeing this traction, and also have there been any new customer wins which is leading to this growth? Also, from a medium-term perspective, let's say 2 to 3 years, how do you see the growth of this business and what could be the key drivers for the same?

Ankur Vaid: So, in terms of products, as I mentioned that the immunosuppressant continues to grow where we are able to bring in new customers on board. And this is across geographies, particularly in the U.S. and in Latin America. However, the growth over the last 6 months has been significantly in the anti-infectives, antifungal and the oncology. So last year, like around a year and a half back, we had commercialized Nystatin and as I had mentioned earlier also, we continue to gain traction there. So that's been doing very well for us.

We also have several U.S. customers who have qualified Concord as their source. So we have provided them validation quantities. Commercial supplies are yet to begin. So once they are becoming commercial, we would see again a significant jump coming in in Nystatin as well, which is an anti-infective segment.

When it comes to antibacterial, we have seen more traction coming in in products like Mupirocin, Mupirocin calcium. We are just in the process of launching Fusidic acid as well, where we have just supplied some quantity. So that is a product that in the next coming few months to quarter, we would be commercializing in emerging markets and then extending it to global markets. Fidaxomicin, we have launched. We have just filed our US DMF. So, we are seeing good traction there as well. So, these are some of the products in the anti-infective, antibacterial segment.

When it comes to oncology products like Romidepsin has picked up well because of some of the customers launching the products in the U.S. market and products like Everolimus continue to see traction. This is in addition to our core business of immunosuppressants where in addition to products like Tacrolimus, Mycophenolate Mofetil, Mycophenolate sodium and Cyclosporine, we are also seeing good growth coming in from other products like Sirolimus and Pimecrolimus.

So, I would say it is a holistic growth across all products and all segments and in terms of geographies, key markets would continue to be the U.S., Latin America and Japan. We have added quite a few customers as new product additions are happening, particularly in the anti-infectives, antifungal segments.

And with the new launch in Oncology products, there have been several new customers that have been added in the last 6 months and as we continue to build on some of the new products that we expect to launch in the coming quarters, they are also mostly in the Anti-infectives, Anti-fungal segment. So we would see significant customer additions also happening going forward.

In terms of the growth, over the next 2 to 3 years, I would say that there is no company like Concord which has such a vast portfolio of fermentation-based APIs, and we continue to build on that portfolio. So, we already have around 30 plus products, we have another 10 to 15 in the pipeline and significant capacities have been built to cater to the requirements for these products once they become commercial.

So, we see a lot of potential in these products, and I think they are going to be the growth driver when it comes to the API business, in addition to, of course, the other business segments, which are the formulation and the CDMO.

Yash Tanna: That was very helpful and could we assume like a mid-teens sort of a growth number for this business over the next few years?

Ankur Vaid: So, I would say that one should expect slightly higher in terms of the API business. Historically, we have grown at around 18-19% and I think it would be safe to kind of build on assuming our historical growth numbers. Of course, beyond that, there are contributors like the injectables, like the CDMO and the finished formulations that we have been investing in, which would also drive the growth beyond the historical growth of 18-19% that we have given in the past.

Yash Tanna: My second question was related to the formulation business, sir. We did close to Rs. 200 crore revenue in FY '24, and we are almost at a similar run rate now in FY '27. So, also I wanted to understand what is the capacity utilization for the oral solid unit, which is I think Unit-II, and the injectables unit, which is the new unit, and how are we planning to ramp both these units up? Because the sales number has not moved.

And also you mentioned about Tofacitinib and MMF approvals, and also you spoke about a few injectable contracts in your opening remarks where you are talking to a few customers on the injectables front. So, a few timelines around those and how formulations will ramp up will be very helpful.

Ankur Vaid: So for the capacity, I would say that 21% was the capacity utilization for Unit-II and around 5% is for the injectable unit, Unit-IV and so when it comes to how are we seeing the ramp-up, again, we continue to add products. So over the years, as I mentioned that we have seen good traction even in the domestic market which has been growing over and above the growth of the company, I would say.

So this quarter also, the domestic formulation business grew by 29% and there is again, with our own manufacturing coming in the injectable business, we expect that our domestic formulation business will grow above our company average growth and many of those products are in-house manufacturing, so of course this would also lead to ramping up the capacity utilization.

And in addition to that, with Stellon coming in, and with new ANDA approvals coming in, we expect that facility utilization would also increase. So, for Tofacitinib, we have already supplied our products to Stellon, and Mofetil oral suspension is something that we expect that in the coming quarter, I mean, in next quarter, we would be supplying the products to Stellon.

So, Stellon continues to make inroads for all the products that it has as approved and commercial, and the new launches, the team is working to kind of gain market share when it comes to the oral solid dosages in the U.S.

Coming to the injectables, many of the customers have taken the first step, which is in terms of auditing our facilities. So in the last couple of months, we have had several inspections or audits by our potential customers and we continue to engage with them. So, things are progressing quite well on that front, and we are quite optimistic that in, as we have mentioned in the past as well, that in H2 we should see some of these contracts materializing.

Yash Tanna: That is very helpful. So, I have more questions, I will join back.

Moderator: We have the next question from the line of Debanjan Bhakta from USGI. Please go ahead.

Debanjan Bhakta: What will be the effective tax rate for the rest of FY '27 and FY '28?

Ankur Vaid: So, the tax rate would be in the range of 24-25%.

Debanjan Bhakta: Items showing any elevation, like it showed for the last two quarters.

Ankur Vaid: Sorry?

Debanjan Bhakta: Items showing any elevation, like it showed for the last two quarters?

Ankur Vaid: No.

Moderator: We have the next question from the line of Abhishek Kamdar from Value Plus Advisors. Please go ahead.

Abhishek Kamdar: We just wanted to understand in terms of pricing, I think in Quarter 1 we had mentioned that we gained some market share as we were able to offer competitive pricing to our customers given our capacities. How has pricing worked out in this quarter, in Q2? And around that, we also spoke about raw material cost increases. Have we been able to pass on any of these to our customers?

Ankur Vaid: So, when we say that we have been able to gain customers on account of better pricing, that pricing basically is to the customer. Because what I mean to say is that Concord, because of the economies of scale, because of the expertise that we have in fermentation, and the kind of productivity that we have on the products, we are able to offer a significant price discount compared to their current suppliers.

So, while maintaining the profitability, which is in line with our API business, it is like a win-win situation. So, we have been able to gain customers by reducing their procurement cost, but at the same time it has been in line. So, we haven't seen any pricing pressure when it comes to Concord, but yes, we have been able to gain customers because of the price reduction compared to their current existing suppliers.

And I think this is something that we continue to do not only for the new products, but also for the existing products where we hold a significant market share. Because some of the competitors that we see, they are significantly priced higher compared to Concord. So, that gives us an opportunity to gain more market share given our strength, as I mentioned earlier.

When it comes to raw material pricing, it is quite challenging, I would say, to pass on some of the costs that we have incurred to the customers. I think, we would rather try to address these issues through R&D and through productivity improvements rather than passing these, because these are again more of a short-term issues. They are not a longer-term issues that we need to think about passing these raw material costs increase to our customers.

Had it been more of a long-term issue, we would have still thought about kind of seeing that what could be the best way out. But this is more of a shorter-term issue, which I feel that we

don't need to reach out to customers to kind of engage in those discussions, is what we would be looking at. But as I mentioned again, that there has been no pricing pressure. It's been more of the benefit that we offer to our customers.

Moderator: Any further questions? As there are no further questions, we move on to the next speaker. We have the next question from the line of Chirag, KEYNOTE. Please go ahead.

Chirag: I wanted to talk about the new API that we are manufacturing for the dermatology as a target industry. So, could you provide some more clarity on this Inspira? Is it like a skin infection or autoimmune skin condition like psoriasis or something else? And will it be fair to assume that the TAM for this Inspira would be about Rs. 5,000 crore plus and not like the MMF that we have for U.S., which is about Rs. 300 crores, if I am not wrong?

Ankur Vaid: Yes, so, I mean, you are right there that for the Inspira division, if you see, the India-based market itself is for the Concord range of products is close to around Rs. 5,000 crores and here again, we are the only company in India which is fully integrated right from API to finished. So, definitely, there are advantages in, is what we see on the dermatology.

And within the dermatology, the key segments that we would be working is towards eczema, where we have products like Tacrolimus, Pimecrolimus, anti-infectives, antifungal, where we continue to see products like Fusidic acid, Nystatin, Mupirocin, Mupirocin calcium, and also certain acne products. So, these are more products where there is some value that we are able to create for our stakeholders as well as for our patients.

Chirag: And what would be your strategy to increase the size, like reaching from the initial Rs. 100 crores to Rs. 500 crores of revenue? What kind of target is there in the mind of the management for this particular segment?

Ankur Vaid: So, typically, to kind of make inroads into, currently, we have launched in certain markets, and I think we are also working towards expanding into different regions within India as well. So, this has just been couple of months that we have launched the Inspira division, but the intent is that by the coming years, we should be able to make quite significant inroads.

Of course, going to the levels of close to Rs. 400-500 crores, I would say it would take at least four to five years to kind of start building, having a significant market share in these products. But being fully integrated and having full control on the quality aspects and on the input costs, we are fairly confident of having a significant market share on this and that's the reason why the division has been launched with that perspective.

Moderator: We have the next question from the line of Stuti Bagaria. Please go ahead.

Stuti Bagadia: So, I wanted to ask on terms of the EBITDA margin, what do you see as the driver that could lead to a margin expansion? And also, if you could give some guidance on a sustainable EBITDA margin in the medium term.

Ankur Vaid: So, if you see EBITDA margin, we have taken, like as I mentioned during this speech as well, that we have taken steps to kind of see that how we kind of continue to build on our EBITDA margins. One of the steps which was taken was investing into the renewables energy, and that has a positive impact on the EBITDA margins.

Of course, times like these, because of the global uncertainty and the increase in the cost, some of those benefits have kind of compensated the increase in the cost. But once I think these issues are resolved, we should see positive contributions coming from the kind of investments that we have done in the past when it comes to power and fuel cost.

Similarly, we mentioned that Concord continues to invest in growth. So, be it the Stellon business or the injectables, which are growth drivers for the future. So as we see ramping up happening in these two business units, we should, we should reach closer to our historical EBITDA margins.

And in our presentation also, we have mentioned that without these, the EBITDA margin looks closer to around 38% and as ramp-up happens also in our other businesses like at Unit-III Limbasi, we would see more margin expansion happening there as well.

So our sense is that over the next few years, we should be in the range of 38% to 40%, which has been our historical EBITDA margins, once these business units start to contribute in the overall business.

Stuti Bagadia: That is helpful. One more question that I had from my end. So, what is the CapEx that we are guiding for the next year and for the remaining half of FY '27?

Ankur Vaid: So, Stuti, we have been guiding that around Rs. 20-30 crore worth of maintenance CapEx that we every year. And for this year and the next year, we expect around Rs. 50-60 crore each every year, the CapEx, which is in the tune of Rs. 100-120 crores.

Stuti Bagadia: Just one more question if I could squeeze in. So, in terms of the contracts that you mentioned about for the injectables facility that are ongoing, how big of an opportunity are these? And if you could give any qualitative color on them.

Ankur Vaid: So, we have been discussing with quite a few customers, and these are again larger customers, and the discussion is across multiple products where Concord is also backwardly integrated on those APIs as well. So, the opportunities are quite sizable.

I would say that the TAM for the injectable products that we do is close to around Rs. 5,000 crores, of which we have kind of built in around Rs. 300 crores top line over the next 3 to 4 years from the domestic/export markets, which I feel that if these customers are on board, that is something which is quite achievable in the timeframe that we have given.

Stuti Bagadia: Those were my questions.

Moderator: We have the next question from the line of Siddharth Meghandi from CWC. Please go ahead.

Siddharth Negandhi: Just wanted to clarify on how much is the CDMO revenue and what is the status in terms of future CDMO contracts. Last quarter you mentioned about $2 million in revenue. Was that the lifetime revenue or was that the revenue in the last quarter? And what is the revenue in Quarter 2 on CDMO?

And second, just continuing from the previous participant's question, how do we see the gross margin trajectory in context of formulations being heavier on growth going forward, considering injectables, considering that foray? And in that context, would you believe that we can also see this as a lower point on gross margin?

Ankur Vaid: So, let me first answer on the gross margin part. So, if you see that for the Quarter 2 and also for the full year, the API to formulation has been pretty much in the same lines of 78 to 22. And I think for the 6 months, it is around 80-20. So, it has been pretty much in line with what we have, which is the 80/20 split and even the facilities that have been designed both at the API and the formulation, the capacities have been designed such that we would be in the range of the 80/20 split between APIs and formulation.

That being said, it is not something that we kind of monitor and say that, okay, it has to be in this ratio because we are driven by how we can capitalize and how we can work towards maximizing our market share at the API level, be it through API or formulation. But historically, we have been in the range of 80/20 split. So, we expect gross margins to be pretty much in line with what we have seen historically.

I think as everybody would agree with us that in the last 6-8 months, because of the rising fuel prices, because of all the other things, the operating costs not only for Concord but for I think many of the companies have increased and that is something that I would say impacted us but not that much because being in fermentation, only a certain portion of our raw materials gets consumed which are impacted by the increase in the power and because of the oil such as the solvents and all.

Most of the other products which are agro-based products, there we do not see these kind of significant impacts that are there. So, in somewhat we have been impacted but not as much as, I would say, companies which are focused on using a lot of solvents and all. So, we expect that as things would improve, we should get back on the gross margins in terms of what we have seen historically.

When it comes to CDMO business, the $2 million that we mentioned was more so from an annual perspective because currently we have one project where we are commercial. Of course, we do not classify contract manufacturing for third parties as CDMO. We only classify CDMO wherein the IPR is with the third party, primarily being the innovators here.

And we have undertaken smaller projects as well, which are more in the development stages rather than on the commercial front. So they may not have an impact on the top line, but there are quite a few projects that we are working when it comes to R&D development activities.

So, I would say that they may not be a true reflection of the kind of work that we are doing, but from a revenue perspective, I would say we have one commercial project and we are exploring to work with a couple more on those fronts.

Siddharth Negandhi: Just to follow up on that, you had alluded to the mix being a challenge on the gross margin. Could you clarify on what that meant? What part of the mix was unfavorable on gross margins? And then the $2 million that you are talking about, is that the FY '27 annual revenue guidance on CDMO?

Ankur Vaid: So again, when we say the gross margins, sorry, I did not get your first point on the mix.

Siddharth Negandhi: The presentation mentions that gross margin has been impacted by an adverse mix. So, could you help me understand what is the mix?

Ankur Vaid: Product mix.

Siddharth Negandhi: Yes, which product mix? Because you are saying the API formulations are more or less, I mean, while there is a 2-3% change, is that the mix that you are referring to? Because that logically would have actually improved gross margins. So what is the product mix statement against gross margins, if you could help us understand that? And then $2 million, is that the FY '27 guidance, or how should one think of that?

Ankur Vaid: So the mix that we mentioned was a product mix at the API level. So, as I say that not all products are at exactly the same margins as one would see. So, there are some products where there could be slight change in the margin profile if there is one product being sold over and above the other. But they are more or less in the same bracket, but not the same.

So, there is some impact which does come through the change in the product mix at the API level. But the significant contributor to this has been primarily the raw material pricing, with a smaller impact coming in from the change in the product mix which has been sold in that particular time period, is what we meant by that.

And when it comes to the CDMO, again, on specific CDMOs, we are not giving any guidances as you would see, but the opportunity that we see currently in discussion with our customer has been around the $2 million mark, whereas they still continue to build on that opportunity because as per them, the opportunity size is quite big there. But they have been building on the platform in the U.S. because it is a new product that they have launched almost a year and a half back now.

So they continue to build and make inroads because being an NCE product which is there. So as per them, the opportunity could be much larger, but we are their exclusive manufacturer for them. So, any opportunity or any volume that will come would come exclusively to Concord there.

Siddharth Negandhi: This is helpful. Last question again on the gross margin bit. Sorry to harp on this. There would have also been a benefit from in-housing the injectables formulations, right? So, is that material in this quarter? And if so, save for that, what would have been the further dent on account of the two other factors on the gross margins?

Ankur Vaid: So it hasn't played out yet because as Raviraj mentioned that the capacity utilization for Unit-IV has been around 5% only. So, while it will play out significantly once the volumes start to pick up, but being in currently at utilizations of 5%, it has not kind of reflected. As a matter of fact, at times it can play slightly opposite because all the API that we do transfer to the formulations is basically at the market price.

So, at times it can kind of show you a different picture when you just start looking only at gross margins and that is why we say that you should look at how our EBITDA margins are moving rather than looking at the gross margins, because the gross margin also has a component in terms of the API being transferred to the formulation units at market prices rather than at COGS.

Siddharth Negandhi: And that is a volume-weighted price and sort of volume price, and therefore at lower utilization they would actually end up paying more prices.

Ankur Vaid: Correct. So that is why we say that as formulation business at times grows, you could see some impact on that happening on the gross margin side, and hence you should look at from a totality perspective rather than looking at it from, say, line item, because it has that impact.

Siddharth Negandhi: I will get back in the queue.

Moderator: We have the next question from the line of Alankar from Kotak. Please go ahead.

Alankar: Ankur, first half growth top line is about 26% and you had spoken about the 18% plus growth in FY '27. Would you like to revisit the guidance?

Ankur Vaid: So, we have mentioned that the growth in FY '27 would be slightly better than our historical numbers and yes, I think, H1 has been 26%. We have a fair amount of visibility also on our Quarter 3 numbers. And I would say that we would continue to kind of consider the growth for this financial year slightly better than our historical growth of 18%.

Alankar: Ankur, just a follow-up there, right? So, if I look at specifically for this quarter and the 2-year, 3-year overall sales CAGRs are relatively quite low. So 2-year sales have been flat, 3-year overall growth is around 5.5-6%. Now the question is, once the base normalizes in FY '28,

should we expect you to continue to report that 18-20% plus growth that Concord used to report till FY '25?

Ankur Vaid: So, I mean, if you take out the last year's degrowth, Alankar, that was there, I would say that over the 3-year period, 5-year period, and the 25-year period we have grown at 18-19% and I think we have discussed during our various con calls as well on what were the challenges that we saw in what we experienced in the last year and during the last year also, we had mentioned that the impact which was there in the last year was more from a global phenomenon effect and nothing structural in nature and I think the kind of growth that we have seen in Quarter 2 and the kind of visibility that we have for Quarter 3, it kind of also shows that the last year was more from a global impact rather than something structural in nature.

And if you take out the last year, I think as I mentioned, that any time point we would have grown at least by 18-19% and this year also we are saying that we should be growing slightly better off than the 18-19% because some of the challenges which were there led to somewhat of or the kind of work that we did in the last year which did not fructify in the last year because of the risk aversion of our customers is getting fructified in this financial year and that is why I say that we should do slightly better than our historical growth that we have seen.

And for the coming, for the next 2 to 3 years, as I mentioned earlier, that we have the right product mix, we have the ample capacities in place. We have a very strong pipeline of products which nobody in India is developing and I think our competition coming from Europe or Southeast Asia, we see a good position that we will be able to take significant market share on those products. So, I think we are quite well positioned to kind of gain more market share on those products, which would lead to the kind of growths that that we have spoken about.

Alankar: Ankur, just one follow-up there. When you talk about new products, would it be fair to say that the contribution of new products, say, if I take a 3-4 year view, will be higher than what we have seen in the last 2-3 years?

Ankur Vaid: So, new products have to be classified into two categories. One is that the new product that we have launched in the last 3 to 4 years, and then the products that we have just commercialized within that year. Of course, products like Nystatin, if you see, or products like Fusidic Acid, they have been growing quite significantly and as we would gain approvals in some of the regulated markets, as their files would get approved by the FDA, we should see significant surge in volume pickup for those products as well.

So, it is a life cycle that it would go through, but Concord has a strong positioning on these products and can significantly gain market share on a very shorter period of time because of the strength that we have, whether it is capacity, expertise in fermentation and all. So these products will grow faster than the rest of the business, but having a smaller base, it will take time for them to kind of reach to the levels of, say, certain mature products.

Alankar: The second question is, you mentioned about growth over the last 6-8 months being driven more by anti-infectives, antifungal, and oncology. Again, if I look at the next few years, do you expect to gain further share in some of the key immunosuppressant products as well? And yes, what would be the key driving factors out there?

Ankur Vaid: So immunosuppressant continues. So if you see for these 6 months also, the growth in the immunosuppressant business has been in line with the company growth rate and the historical growth rate that's been there. So, immunosuppressant in these 6 months has also grown significantly, and that has been a function of us gaining market share, us gaining wallet share with our customers. Certain markets like Latin America is opening up for us because of the ANVISA inspections that has happened.

So, all the inspections, they do play out. Maybe they play out 4 or 5 months down the line after the inspection takes place. But these are steps that we are taking to kind of see that how we can grow business in those regions and that would lead to like second source conversions going through.

And there are again a lot of discussions at quite advanced stages that are happening with our customers on some of the immunosuppressant products also, given that we have a leadership position on many of those APIs. So, I would say immunosuppressants will continue to grow, and for that, the growth not only comes from the market growth, which is around 10%, but also from us gaining the second source, which actually is a much bigger contributor to the growth of the immunosuppressants business.

Alankar: And with your permission, couple of final questions. Firstly, on margins. So, you had spoken about reverting to the 40% reported margins in FY '28. Historically, Concord has generally been above 40% margins, but if you look at the gap right now, it is pretty wide. When should we expect the reported margins moving meaningfully towards the 40% band? And specifically, if you can help us assess the profitability of Stellon, that would be helpful.

Ankur Vaid: So Stellon, currently, we have supplied them the material. So currently, I would say that we should start seeing meaningful contributions coming from Stellon in the second half of the year because the first half of the year has been more about providing them the quantities and them trying to get traction with the customers because it is not that we have our front end and we have the formulations getting ready and the customer is ready to kind of qualify Concord.

So, while all the things have been done, I think even the materials have been supplied, the finished products have been supplied to the U.S. We have started seeing traction coming now in the U.S. for our products, and H2 is where we see that things will start building up in terms of the revenues from Stellon. Till that, I think we have given our cost structures in terms of what is the expense that we incur from Stellon and the injectables. So once Stellon kind of starts ramping up its sale, we should see positive contributions coming up, which will then help us move slightly from the 33-34% slightly towards our numbers

and we are putting all our efforts on the injectable front as well. So, we spoke about the contracts. Our own division, which is the INCA division, continues to kind of engage with the doctors that now we are a fully integrated company. So, I would say efforts are being put to kind of see that how fast the ramp-up can happen on both of these two units and once that does take place, we should be moving from the 33-34% to 38-39% and that is one of the reasons why we report, so that you people can understand the gap which is there, and then what are the efforts that are being taken to kind of move from our current levels to those levels.

Alankar: And then a final question, can you help me with the utilization rates for all the facilities?

Ankur Vaid: So, Alankar, the utilization for Unit I stood at 75% and Unit III at 55%. And I mentioned earlier that Unit II is 21% and Unit IV is 5%.

Alankar: That's it from my side.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to the management for closing comments.

Ankur Vaid: So thank you everyone for joining our Q2 and H1 FY '27 earnings call. We hope we have been able to address all your queries. For any further information, please feel free to get in touch with us or with SGA, our Investor Relations advisors. Thank you once again. Have a good evening.

Raviraj Karia: Thank you.

Moderator: Thank you. On behalf of Concord Biotech and Choice Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.