

CONCORD BIOTECH LIMITED

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June 05, 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
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Subject: Transcript of Q4 & FY26 Earnings call held on June 01, 2026

Dear Sir/Ma'am,

In continuation of our letter dated June 01, 2026 regarding Earning Call Recording- For the fourth Quarter and financial year ended on March 31, 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 is also available on the website of the company at the following link.

<https://www.concordbiotech.com/investors>

Kindly take the same into your records and oblige.

Thanking you,
Yours faithfully

For Concord Biotech Limited

Paritosh Trivedi
Company Secretary & Compliance Officer
ACS 63623

Encl: as above

CONCORD BIOTECH

Biotech for Mankind...

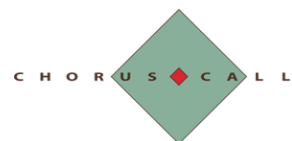
“Concord Biotech Limited Q4 and FY26 Earnings Conference Call”

June 01, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 01st June 2026 will prevail.

CONCORD BIOTECH
Biotech for Mankind...

 **AMBIT**
Acumen at work



**MANAGEMENT: MR. ANKUR VAID – JOINT MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – CONCORD BIOTECH
LIMITED
MR. RAVIRAJ KARIA – CHIEF FINANCIAL OFFICER –
CONCORD BIOTECH LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY26 Earnings Conference Call of Concord Biotech Limited, hosted by Ambit Capital. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankur Vaid, Joint Managing Director and CEO for Concord Biotech Limited. Thank you, and over to you, sir.

Ankur Vaid: Thank you, and a very warm welcome to all on our Q4 and FY26 earnings conference call. I'm joined by Mr. Raviraj Karia, CFO; and SGA, our Investor Relations Advisors. We have uploaded our results and investor presentation on stock exchanges and company's website. And I hope everybody had an opportunity to go through the same.

Let me start with a brief recap of FY26, followed by way forward and financial performance, post which we will open the floor for Q&A. FY26 was a challenging year for Concord, and we have faced some industry headwinds, coupled with geopolitical headwinds and supply chain disruptions, just to highlight further.

In FY26, procurement activities by our customers, particularly for the U.S., slowed during the first half of the year, while prospective customers refrained from altering their existing supply chains amid uncertainties surrounding U.S. tariff measures and the broader complex geopolitical environment.

However, conditions gradually improved in the second half, leading to increased procurement activity and renewed engagement with our new customer pipeline. With greater clarity emerging on the tariff situation, customers are now increasingly focused on derisking their supply chain and shifting business towards us, supported by strong capabilities, capacities, global approval and customer references that Concord possesses.

During the year, we also faced challenges related to obtaining written confirmation approvals from CDSCO, which restricted our supplies to the European region for nearly 3 months, representing approximately one-third of the financial year. While this did not result in permanent loss of revenue, the impacted supplies were deferred to subsequent periods.

It is important to note, however, that this was not a case of pent-up demand where all deferred supplies could be immediately executed upon resumption. Instead, the recovery was gradual with supplies normalizing towards the end of the financial year. Another challenge was related to our supplies to the Middle East region amid uncertainties arising from the ongoing war and broader geopolitical conditions.

A major tender in the region remains in abeyance, which adversely impacted our revenues during the year. Nevertheless, we remain confident of resuming supplies under this tender once the same is open. In addition to the tender business being on hold, other API supplies to the region were also constrained due to prevailing uncertainty.

As part of an interconnected global market, these developments had a direct impact on our revenues during the year. We are now witnessing improved visibility and gradual resumption of supplies to the Middle East in current financial year, particularly as these are chronic therapies where supply disruptions cannot persist for an extended period.

During the second half of the year, customers adopted a differentiated procurement strategy, shifting from bulk purchases to a more staggered quarter-on-quarter procurement approach, compared to previous year. As a result, revenues were distributed more evenly across periods rather than being concentrated within a particular quarter. This should, therefore, be viewed as a timing spillover into subsequent periods rather than a permanent loss of revenue.

Lastly, in Q4, our U.S. Veterans Affairs business was impacted as the related tender had not been finalized during the year and continues to remain on hold, resulting in lower sales during the second half of the year. The factors mentioned above were largely beyond our control and were not related to lower demand, loss of market share or pricing pressure.

While we have encountered similar situations individually in the past, this year, multiple challenges coincided within the same period. Having said that, we believe these issues are temporary in nature rather than structural. And we remain optimistic about a normalized and a stronger performance in FY27.

Now speaking about our resilience and positive developments during FY26. During the year, we strengthened our regulatory filings and have successfully completed U.S. FDA, EU GMP, Russian GMP, NAFDAC and WHO-GMP inspections across multiple facilities, which reinforces our global compliance standards and supports uninterrupted international supplies.

Our injectable facility successfully commenced operations and completed its first year of manufacturing. With the WHO-GMP certification now in place, we are well positioned to enter the domestic market through our own brand and contract manufacturing opportunities as well as participate in government supply contracts.

This has significantly enhanced the visibility and growth prospects of our injectable business for the current period. Speaking of our customer acquisition for API sales, CDMO and second source opportunities, we have commenced supplies of our APIs to 2 innovator companies. We have made steady progress with customer acquisitions in Nystatin, which was launched last year. We have also commercialized manufacturing of Fusidic Acid, which is having limited competition, especially from the European region.

We have increased the second source opportunities across multiple products, enabling us to grab a larger share of the business over time. And we are in active discussion with CDMO customers, which are in advanced stages as we speak. We have also invested in growth platforms like our entity into cell and gene therapy through investments in Cellimmune Biotech.

We have commenced commercialization of soft gel facility, creating additional avenues for revenue generation and incorporated and acquired licenses for Stellon Biotech, our U.S. subsidiary, which enables direct marketing, distribution and commercialization of Concord Biotech's products in the U.S.

Considering all these factors together, along with the strong product capabilities, manufacturing capacities and product pipeline that Concord possesses, we believe the company is well positioned for a sustained growth trajectory with significant opportunities in the near future.

With this, I would like to hand over the call to Mr. Raviraj Karia, our CFO, to take you through the financial and operational highlights for the quarter and financial year ended 31st March 2026. Thank you, and over to you, Raviraj.

Raviraj Karia:

Thank you, Mr. Ankur, and good afternoon, everyone. Let me speak about the operational data points first. The API revenues for the quarter 4 financial year '26 stood at INR 264 crores and INR 829 crores for financial year '26 with a degrowth of around 27% and 12%, respectively. Our formulation revenue witnessed a degrowth of around 8% and 13% for Q4 financial year '26 and financial year '26, respectively. Our split between API and formulation largely stood 80:20 ratio in our long-term stated range.

Our split between domestic and export sales stood at 52% to 48% for quarter 4 financial year '26 and 53% to 47% for financial year '26. Our export revenues witnessed a degrowth of around 9% for the financial year '26, and our domestic revenue witnessed a degrowth of around 15% for the financial year '26. Speaking of our financial performance, I would like to mention that as mentioned in financial year '26 was challenging period, our revenue has seen a degrowth. Revenue degrowth for quarter 4 financial year '26 stood at -24% and for the full financial year, it stood at -12%. Our profitability front, we have not seen that steep impact. Our reported EBITDA for the financial year '26 stood at INR 367 crores with an EBITDA margin of around 35%. However, if we exclude the impact of expenses related to our new formulation facility and expenses pertaining to our U.S. subsidiary, Stellon, our EBITDA would have been in the range of around 40.4% for the quarter 4 and 39% for the financial year '26. On account of de-operating leverage with reduced sales, our profit after tax was down by 30% for the financial year '26, standing at INR 260 crores.

Despite the degrowth on the back of culminating challenges witnessed during the year, our balance sheet stays healthy. We are a zero-debt company with cash and cash equivalent of more than around INR 414 crores as on 31st March 2026.

Our capex for the year stood at INR 65 crores, and our cash flow from operations stood at INR 267 crores with a CFO to EBITDA conversion of around 73% with the manufacturing capacities across all 4 units supporting a peak revenue potential of approximately INR 3,000 crores, along with a strong cash surplus position and limited capex requirements, we are well positioned to capitalize on future growth opportunities and drive sustainable growth.

With this, I would like to open the floor for questions and answers. Thank you, everyone.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Ankur Kumar from Alpha Capital.

Ankur Kumar: Sir, as you said in the commentary as well as the written in the PPT that we expect strong outperformance in FY27. So do we have visibility in first half to start this growth phase or like it will be delayed and we expect in second half?

Ankur Vaid: So we have a very good amount of visibility in the first half. And basis on that, we have been pretty confident that the coming financial year, we should expect the growth, which should be better off than our historical growth, which has been there. So there is a fair amount of visibility in the first half.

Ankur Kumar: And by historical growth sir, can we expect like 18% to 20% type growth or like more or less?

Ankur Vaid: Yes. As I said that our historical growth has been around 18%. So we expect it to be slightly better off is how we are looking at this financial year.

Ankur Kumar: And that should start from Q1, Q2 also?

Ankur Vaid: That's correct.

Ankur Kumar: That's nice to know, sir. And sir, on margin side, we said it was quite good in gross margin also, we improved and excluding impact of this formulation as well as new subsidiary, margins have improved. So are these businesses turning around? Or how should we look at our overall EBITDA margins for the next year, sir?

Ankur Vaid: So this is a cycle that one goes through and we have established the infrastructure last year, which was the injectables. And in this year, we have set up Stellon Biotech. So whenever you're establishing newer business units, it takes time to kind of build-up and have positive contributions to the top line.

So that's a cycle that we are going through. That being said, all the necessary steps have been taken, like we have mentioned in the past that the new injectable facility, we have taken the validation batches. WHO-GMP certification has happened. We have slowly started selling the products from our injectable facility.

And also, as we speak, certain customer audits have also been lined up, and we've also gone through a couple of those. So we are going through that process. It's a little difficult for me to say that how the contribution is going to be from this injectable unit, but all the right steps have been taken in that direction.

Also with respect to Stellon, we are expecting the supplies to happen in the first half of the year as well. Already orders are in place from our U.S. entity. So things are moving in the positive direction, but from a breakeven perspective, it's a little too early for me to say. But that being said, all the expenses that have been there for these 2 entities have been fully booked in the last financial year. So anything that would go going forward would be like a positive impacting only to the EBITDA.

Ankur Kumar: Got it, sir. And sir, last question would be on the gross margin side. We have seen expansion both in full year as well as in Q4. So how should we look at gross margin for the coming year?

Ankur Vaid: See, I mean, I would say gross margins to be kind of in a similar range because as one sees that there has been some pressure on the supplies of the goods. and of course, I don't expect that to be there for the full year. And we are procuring a lot of raw materials as well.

So there is some impact on some of the products, some of the raw materials. So I don't expect it to be significantly different, but my sense would be that for a full year basis, it should be pretty much in line with what our historical gross margins have been.

Moderator: Next question is from the line of Dhawal Khut from Jefferies.

Dhawal Khut: I wanted to know what was our sales exposure to the Middle East region in the past 2 years, let's say, in FY26 and FY25? And some details around tender that you mentioned. What was the potential size of the tender, which country it was? So that's question number one.

Question number two, it's on the injectable plant. So what was the loss due to injectable facility during the quarter and the year? And how is the progress in terms of filing from the facility for different markets? How many markets have we started to file? And any regulatory approval or plant visit that has been done till date?

Ankur Vaid: Sure. So the tender impact, we had already captured that in quarter 3, and we had informed that the tender was to the tune of close to around INR 25 crores. And while we have exposures in the API, I think the challenge for these markets was to procure more towards the formulation than towards the API because of various reasons that whether it was the currency for them, currency allocations usually is a challenge in the Middle East countries or because API, they can still hold on to things as it has a shelf life, but formulations, it has to be consumed and that was a challenge then.

So major was the tender impact, which was INR 25 crores. API impact was there, again, in and around similar to what the tender value was, but it was not like fully impacted. I would say it was partially impacted. And going forward, as I said, that the tender clarity is not there yet, but there is supplies on the APIs that has slowly started to build up because, again, they can be in a position to kind of hold and make the formulations when required.

And that is why we are seeing a gradual progress in the Middle East. And hopefully, once the situation improves, it would also have a positive impact from a formulation standpoint as we are seeing it from an API standpoint. With respect to the injectables, while I'll let Raviraj share his information on the profitability and loss. From a filing perspective, currently, the documentation process is going on.

So our target markets is the Southeast Asia and the Africa markets to begin with. And the documentation and the submissions are going to be initially targeted towards the emerging markets, which is the Southeast Asia and the Africa markets. I'll let Raviraj answer on the profitability and loss.

- Raviraj Karia:** Yes. So for injectable plants, we have previously also mentioned that the quarter-on-quarter expenses are around INR 10 crores, while the full year number would be around INR 38 crores to INR 39 crores.
- Dhawal Khut:** Just a small bit again on the Middle East. What's the total current exposure towards the region, be it direct or indirect ballpark?
- Ankur Vaid:** So I would say it would be close to around INR 50 crores.
- Dhawal Khut:** INR 50 crores at company level?
- Ankur Vaid:** At company level.
- Moderator:** Next question is from the line of Aniket Singh from Kotak Institutional Equities.
- Aniket Singh:** Can you give a broad breakup of what has been the volume and pricing growth for us for FY26 for our API business?
- Ankur Vaid:** So as I said that there has been no price growth for us. So all the volumes, it has been primarily on the basis of volume.
- Aniket Singh:** So you would say that volumes declined for a full year basis in FY26?
- Ankur Vaid:** That's correct.
- Aniket Singh:** And in terms of pricing, do you see heightened pricing pressure maybe compared to 1 or 2 years back? And what's your outlook on the pricing for the next year?
- Ankur Vaid:** No. So as I said that some of the newer products that we've been launching like Nystatin, Fusidic Acid and others, there you do not see a pricing pressure because we are entering it as a second source, and we have been gaining more market shares as we speak. So there, it is all about volume growth, and it will not be right to say that there is any pricing impact that we are expecting because we are entering with an aggressive price there as a second source.
- But when it comes to slightly mature products, I would say not all markets, but there is always a little bit of price that to certain customers could be there, which gets compensated by the newer regions that one would enter into. So overall, I would say there is not a pricing pressure that one kind of gets a concern about. But as years progress, that's a part and parcel of the game.
- And that's where our R&D efforts kick in, where we continuously work on molecules where we do foresee any such impact in years to come. So to answer in short, we do not see any major impact, but other than what is like a regular course of business kind of a thing.
- Aniket Singh:** And secondly, can you give details on the facility utilization across our facilities?
- Raviraj Karia:** Yes. Yes. So the capacity utilization for the Unit 1 was 77%, Unit 2 was 30% and Unit 3 is around 53%.

- Aniket Singh:** 53%? Got it.
- Moderator:** Next question is from the line of Naman Bagrecha from IIFL Capital Services Limited.
- Naman Bagrecha:** Sir, can you highlight in terms of which...
- Moderator:** Naman, the voice is very low. Request you to speak a little louder.
- Naman Bagrecha:** Is this better?
- Moderator:** Yes, please go ahead.
- Naman Bagrecha:** My question is on the U.S.Veterans tender, let's say, orders. How long has this been an issue? And what is the revenue exposure towards this thing for us?
- Ankur Vaid:** So as I mentioned earlier, this was a challenge that we faced in quarter 3, and the exposure to that was to the tune of around INR 25 crores.
- Naman Bagrecha:** Any, let's say, any guidance in terms of when do you see this picking up probably in the next 6 months, 3 months or it will be like an infinite period? Any color around that?
- Ankur Vaid:** It all depends upon how the war situation improves. But I think nobody has that clarity, not even us. But what we are seeing is that while the formulations have got impacted, there has been some improvement coming through the API because as I mentioned earlier, that while formulation has a shelf life and the customers require allocation of funds to be supplied from a government tender standpoint, which is a challenge.
- That's why some of these companies are also looking at routes to kind of hold the API so that at the right time, they can manufacture the batches whenever that allocation happens and supply. So we are seeing a little bit of shift from the formulations to the API. While that's not 100% that's happened a complete shift.
- But slowly and steadily, we are seeing that progression towards holding more of API than the formulations because as I mentioned in my remarks that being chronic therapies, it's beyond a certain time line, it's difficult for even countries to hold on to supply. So probably they are using an alternate strategy to kind of keep inventory so that at the right time, they are able to supply this thing. So that's how we are seeing the market situation being developing.
- Naman Bagrecha:** So I just wanted to clarify on this. So this INR 25 crores impact is an API impact or is it the formulations impact?
- Management:** Formulations impact.
- Naman Bagrecha:** Formulations impact. Okay. And so, generally this happens in, let's say this tender is rolled out in December or November period and the supply is happening in quarter 4...?
- Moderator:** Sorry to interrupt. Naman, your voice is not clear. I request you to please use your handset. You are not audible.

Naman Bagrecha: So this INR 25 crores impact that you highlighted on the formulation side, just wanted more color in terms of how and when this tender is being floated. Is it like in November, December period that the tender gets floated and supplies happen in quarter 4 itself entirely? Or is it more a simultaneous manner?

Ankur Vaid: No. I mean, typically, supplies to these markets would happen through the governments only. So whenever there is a needs, whenever there is lesser inventory and government then decides to place tenders, that's how so it completely depends on utilization. There is no fixed time period on that it will happen within a particular quarter or a particular month.

So in last year -- last to last year, we had seen supplies in quarter 3. And this year, if you see the entire situation changed not only from a formulation standpoint, but as I said, also through the API because also the API got impacted because of the currency allocations and the funds allocated to the government for such supplies. So to answer, there is no particular time period within which the tender gets floated. It is based on the consumption requirements.

Naman Bagrecha: Second question for Raviraj, sir. So there is this INR 79.3 crores CWIP in the balance sheet. Could you highlight what is it for? And I presume that going forward capex will be only to the tune of, let's say, INR 20 crores, INR 30 crores.

Moderator: Naman, your voice is not clear. Your voice is breaking.

Naman Bagrecha: Hello. Can you hear me now?

Moderator: Yes.

Naman Bagrecha: Yes. Sir, I was asking on the CWIP part, INR 79.3 crores is on the balance sheet. I presume that our capex was going to be only to the tune of INR 20 crores, INR 30 crores per annum, given large part of our capex cycle is done. Just wanted clarification on the CWIP number.

Ankur Vaid: Yes, yes. So let me answer that. So as I mentioned earlier that we have also set up the soft gel facility within this year. So capex has also gone towards that in addition to the maintenance capex. And in addition, we have also, as I mentioned, that started work with one of the innovative companies.

So there was some additional modifications that were required for us to initiate that project with the innovator company because it was a larger volume project, so it required a slightly larger modification to the plant. So those were some of the changes based on which the capex was slightly higher than the regular maintenance capex of INR 20 crores to INR 30 crores.

Naman Bagrecha: What would be the guidance for capex of FY27?

Ankur Vaid: Sorry?

Naman Bagrecha: What would be the capex guidance for FY27?

Ankur Vaid: General capex is around to the tune of INR 20 crores, INR 30 crores. And as of now, there is no particular requirements per se. But in the future, if there is any newer projects, which does

require, I think we have sufficient cash on hand and a zero-debt status, so to optimally utilize for that growth, I do not see that as a challenge.

Naman Bagrecha: One more question than I will join back in the queue. Sir, you highlighted that there will be savings from renewable energy with our solar plant. Has that savings started or what would be the potential savings going ahead?

Ankur Vaid: Yes. So those savings have started and we expect around 1% to 1.5% positive impact on the EBITDA.

Naman Bagrecha: Considering the newer, let's say, power and fuel costs or this is the older, let's say, cost?

Ankur Vaid: Yes. I mean if you consider this situation to be there for full year, then it might be a little lesser. But I'm assuming that it should be in that range of 1%, 1.5%.

Moderator: The next question is from the line of Sumit Gupta from Antique Stock Broking.

Sumit Gupta: Am I audible?

Ankur Vaid: Yes.

Sumit Gupta: So first on the capex part, you highlight capex INR 20 crores to INR 30 crores. So do you expect any growth capex also? Or should we go ahead with this INR 20 crores, INR 30 crores for the next 2 years?

Ankur Vaid: Difficult to say for the 2 years. But yes, for this year, I do not see any further additions at least in the first half of the year. And as I mentioned to Naman earlier that if in the second half, there does come any requirement because of any new projects coming in, which requires additional capex, it should be okay with us. I mean to kind of optimally utilize it for the growth.

But just to add and maybe I missed on one point there, we are also setting up an additional facility of a smaller size for the topical range. And that could be something that one would see in this financial year.

Sumit Gupta: Understood, sir. Sir, second question is on the API side. So what is the contribution from the base portfolio and the new launches? Can you highlight the split between the API segment?

Ankur Vaid: So much of the growth that we are seeing or we are going to be seeing in this year would also be coming from the anti-infective and the oncology segment is how we see. While in terms of the value-wise growth, there will be value growth across all the segments. But I think there would be a faster growth is what we see in the anti-infectives in the onco segment.

Sumit Gupta: Like what kind of growth? And majorly it will be coming from new launches and how is the base portfolio like over the next 2 to 3 years?

Ankur Vaid: There is no base for us because every year, we've been launching 1 or 2 products. So difficult to quantify what is base for us. But as I said that the growth that we are seeing would be from, say, products like Nystatin, which is there. we are just initiating supplies also on Fusidic Acid.

So while the quantum of Fusidic Acid supplies may not be as big as the same was the case for Nystatin last year where only smaller quantities were supplied and larger quantities, we are seeing in this year. So that's how we see for the newer products, but our already commercialized products within that products in onco segment and in anti-infective segment are going to see a relatively higher growth than the immunosuppressant growth.

Sumit Gupta: Understood. And sir, with respect to CDMO, how much was the contribution from this segment in 4Q FY?

Ankur Vaid: So CDMO so we do not classify contract manufacturing as CDMO, just to be clear there, so contract manufacturing of Concord IP products are still considered under our own business only and not under CDMO. So we classify CDMO only where the IP belongs to the third parties like the innovators.

So this year, I would say that we will be in the single digits, maybe between 1% to 4%. But we are expecting a couple of CDMO opportunities to click. And at least for one, we are right now at advanced stages of discussion. If that happens, those numbers could change to a certain extent.

Sumit Gupta: So like should we consider this into formulations? Or can you split that into API formulation?

Ankur Vaid: API, it would be primarily in API.

Sumit Gupta: API, okay. in that sense, so you expect the mix to be almost at 80-20 going forward also? API to formulations?

Ankur Vaid: Yes. I mean, overall API to formulations, as you saw last year and last to last year and also last year, we were in and around that 80-20. So plus/minus 2%, 3% here and there is what we expect also in this year.

Sumit Gupta: So just final question. So in that sense, let's say, you get a good -- basically your mix improves. So like can we expect improvement in gross margin? Or should it sustain at these levels?

Ankur Vaid: No. So the gross margins, I would say, would be in and around the similar thing, as I mentioned, that we would be in and around the 80%, 20% mark.

Moderator: Next question is from the line of Gagan Thareja from Groww Mutual Fund.

Gagan Thareja: I hope I'm audible.

Ankur Vaid: Yes.

Gagan Thareja: So sir, you have in the past quarter indicated that the injectables and your U.S. business, the CDMO business put together have caused a INR 75 crores sort of additional opex, which was not absorbed. I think you also in your remarks in the start of the call indicated that adjusted for this margins would have been north of 40%. So given that now you are confident of growth coming back, is it reasonable to assume that there will be operating leverage on these 2 facilities, which will lead to operating margin improvements?

Ankur Vaid: That's correct. So as I mentioned earlier that the full cost has been factored into the last year. So there would be operating leverage kicking in. But as I also mentioned that typically, it does take a little bit longer time for it to kind of have a full breakeven because the supplies to Stellon are going to happen in the first half of the year.

And also injectables is slowly and steadily picking up pace. So full breakeven, I would say, will take time. I would say probably in the next financial year is what I would look at. But it would the operating leverage will start kicking in from this year, and it should have a positive impact compared to what we saw in last year.

Gagan Thareja: So between the savings on energy cost from your renewable energy and also reduced losses in these 2 operations, the energy savings itself you indicated could be 100 to 150 basis points of margin improvement and plus further benefit from stanching or reducing the losses in these 2 new ventures. Would that mean that the scope for operating margins to improve could be 200 basis points or more?

Ankur Vaid: Possibly, yes, because as I said, 1% to 1.5% should be from the power and around 0.5%, 50 bps from the rest of the business, one can look at that, yes.

Gagan Thareja: But what were your losses between these 2 businesses for financial year '26? And to what degree do you think those losses can be reduced in FY27?

Ankur Vaid: So Raviraj had already mentioned earlier on the loss on the expenses that were there for both the 2 businesses, which was INR 38 crores and INR 10 crores. How much of that will get compensated, will get taken care for the full year, a little early for me to say.

Gagan Thareja: And just one clarification, did the CFO also mention that the current capacity is adequate to take the company's turnover to INR 3,000 crores?

Ankur Vaid: That's correct.

Gagan Thareja: In which case from here on, any capex is essentially for debottlenecking and maintenance?

Ankur Vaid: That's correct. Unless it is for a new project with a customer that may require growth to happen.

Gagan Thareja: And from a working capital standpoint, do you see things remaining stable or improving or deteriorating going ahead?

Ankur Vaid: It should remain stable because much of it is the need of the industry, which is in fermentation, you may require certain longer. So I expect it to be in line with what you see.

Gagan Thareja: One more broad-based question. I think you have always alluded to your historical growth rates of high teens and indicated that you could possibly be in a position to maintain or even perform a number beyond that. Is it possible to elaborate on what pedestals that aspiration is sort of predicated, what additional revenue streams and margin levers will bring about that? I mean to whatever degree it's possible for you to share?

Ankur Vaid: Maybe it will be a little difficult to cover much of that in a shorter span on the call. But I think from a capacity standpoint, we have the necessary capacities in place. Also the growth levers because we have recently commissioned a couple of years back, the Unit 3, Unit 2 also we have added capacities, both from oral solid as well as from the soft gel.

The new injectables facility, which is not currently contributing has been also commenced operations. Other growth levers like the CDMO and Stellan for the U.S. business has been established. So there are multiple growth levers which are there. And the capacities and capabilities are also there to address these needs.

So basis on that is where we get the confidence to kind of the capability to have INR 3,000 crores from the assets that we have created. So there is an asset block, which can meet those sales. And there are products both in the API, in the formulation as well as in the CDMO opportunities there to kind of meet those long-term growth that we look at.

Gagan Thareja: And when do you see you being able to optimally utilize your current capacities?

Ankur Vaid: So Unit 1 is already at optimal capacities. Unit 3 is slowly and steadily also progressing. We are at close to around 50% utilization. Unit 4, as I mentioned, that by next year, you should see breakeven coming in. And soft gel also is adding. So we are at the right path to kind of work towards optimal utilization.

Gagan Thareja: Let me put it this way. I mean, when do you see the next tranche of large capacity creation requirement coming up 3 years out, 2 years out or 4, 5 years out?

Ankur Vaid: So I don't see any larger capex happening this year until unless there is any requirement because...

Gagan Thareja: Not this year. My question is given the kind of run rate of revenue increase that you can foreseeably see, do you believe that 3 years out, you will require your next tranche of substantial capex? Or do you think that's 5 years out that you will require a substantial capacity addition taking place because you indicated that there's room to scale up your turnover?

Ankur Vaid: Anything above I mean, INR 50 crores to INR 100 crores, probably 2 to 3 years could be a good estimation. But beyond INR 100 crores, I think it will be probably 4 to 5 years down the line. But beyond INR 100 crores is not a significant capex addition to the overall asset block that we would have. So yes, I don't see that as a material change over the next 4 to 5 years.

Moderator: Next question is from the line of Agraj Shah from Tata AIA Life Insurance.

Agraj Shah: Firstly, I would like to understand that given that most of the challenges that we faced this year are on the export side, still our exports actually did relatively better than the domestic. So exports are declined only 9% versus domestic declining 15%. So can just explain that? Is it indirect sales to our customers or what exactly is leading to this?

Ankur Vaid: I mean for the U.S. market, most of our sales is typically indirect because many of the Indian manufacturers are supplying to the U.S. market. So as I mentioned, in an interconnected world,

even supplies to India goes to the U.S. And also, as a matter of fact, the formulations that I mentioned was supplied to the domestic market and our counterparts in India then supplied it to the India.

So the Middle East suppliers was actually domestic got captured in the domestic formulations rather than in exports. And that's why in the overall equation, the domestic gets impacted more than the export.

Agraj Shah: Just on the formulation side, so given that the base is relatively low, but still we are seeing a decline. So any thoughts on that? Or is it just that the sales are getting impacting us as we would have been on a growth trajectory? Can understand for API, but the formulation business was relatively young with new capacity.

Ankur Vaid: So all our businesses, as I say, because we have domestic formulations, contract manufacturing in India for other companies, U.S. business and international business. So apart from the international business, which got impacted because of certain geopolitical reasons, all the other regions domestic as well as U.S. business has actually grown. So the impact was primarily on account of the formulations on account of these geopolitical issues that we spoke earlier during the call.

Agraj Shah: And just on the working capital side, so actually the inventory days have gone up to 480 days versus 286 days last year. So even on an absolute number, it was INR 240 crores last year has gone to INR 326 crores. So are we finished with inventories or let's say, there were some shipment deferment which actually led to the...

Ankur Vaid: So it's a mix of two things. One is that as mentioned during the call earlier that certain of our customers made it more staggered procurement approach than the bulk approach. So there was inventory with us, which we were expecting to kind of ship as in quarter 4, which has been now staggered over subsequent quarters. So there is some sales happening in quarter 1, quarter 2 and so forth. So that inventory is sitting in our books as well. And some delays because of which customers delayed because of all that was happening in the last couple of weeks of March.

So there is some impact of that. And the other is, of course, that when we are manufacturing, the utilization numbers have gone slightly higher. And in fermentation, as I mentioned, the time cycles are larger, which is the need of the industry. So some contribution is also from that. So we expect this to slightly moderate as well in the coming quarters as staggered supplies to these customers would start happening.

Agraj Shah: And just a clarification on your initial comments for the first answer that you gave on the growth starting to be, let's say, more closer to 20% plus in the first half. So is it that in the second half, so if you look at the first half for this year, we had degrown by 14% on the full year also, we had degrown by 12%. So would it be that let's say, the growth will be first half as well as for the full year next year would broadly be along the similar rate or it would be more first half heavy?

Ankur Vaid: So what I mentioned earlier was that for the full year, we expect our growth to be in line with our historical, slightly better than our historical. And the first half, we have a good visibility towards achieving the full year that we spoke about.

- Moderator:** Next question is from the line of Stuti Bagadia from Choice Institutional Equities.
- Stuti Bagadia:** Am I audible?
- Ankur Vaid:** Yes.
- Moderator:** Yes.
- Stuti Bagadia:** I'm sorry if I missed this, I just wanted to know what is the EBITDA margin guidance for FY27?
- Ankur Vaid:** So we have not given any guidance on the EBITDA. But what we have mentioned is that there are certain positive impacts that are there. One is that the power cost where we expect 1% to 1.5% positive impact.
- And also that certain of our businesses like Stellan Biotech as well as the injectables, the expenses have been fully built up in last year. So we expect some operating leverage for that to kind of kick in. But there is no specific guidance that we have given for the next year.
- Stuti Bagadia:** And my second question is on the inventory days. So like you mentioned that they have increased significantly. Do we expect normalization in FY27?
- Ankur Vaid:** Yes. I mean it should be in the normal course of business, which should be there. So a slight increase, which was seen has been on account of what we just spoke earlier. But other than that, it has been pretty much in line with what our historical inventory days have been. So that slight increase was on factors, which we spoke about, which, as I mentioned, should get addressed in the first half of the year.
- Moderator:** Next question is from the line of Dhawal Khut from Jefferies.
- Dhawal Khut:** I wanted to know the energy exposure. What's the very broad level exposure towards LPG versus non-LPG? And if the situation were to normalize, will that benefit also be meaningful for us? That's one. And second, at the IPO, we had a very large top 5 molecules. So how is the contribution of those top 5 products for us right now?
- Ankur Vaid:** So on the LPG, I'm not sure, I can reconnect with you separately. We won't have the comparative there. But overall, if you see around 20% of the cost, in and around 20% is power and fuel, which I would say around 50% of that -- close to around 10% is LPG based, LPG or furnace oil-based because at multiple plants, we have either LPG or furnace oil. So there is definitely an impact on the higher side, which is there.
- And that is eating away, of course, into the benefits that we see from the power and fuel, and that's why we've given a range of around 1% to 1.5%. So while we are seeing positive side on the power, the fuel is something that is on the higher side. And I think if that improves, then we should get closer to the 1.5% EBITDA mark is what we see.
- But from the top 5 molecules, I would say that, yes, of course, last year would not be a right year to kind of look into what the top 5 molecules has contributed. But going forward, as I mentioned, that we are seeing more growth coming in from the oncology and the anti-infective segment.

Dhawal Khut: And lastly, is the supply chain stable, like there's no availability challenge in terms of whatever fuel requirements, be it LPG or furnace oil based?

Ankur Vaid: Yes, in the first few weeks, of course, it was challenging because as you will know that many of the places, the government had restricted the use of fuel to the industry or there were higher charges to be paid for the higher usage of fuel. And of course, in fermentation, you cannot stop the industry. So we were forced to go with the utilization at a higher price. But yes, I think that shortage is now no more there. It's only with respect to the price, which is there. But yes, the initial few weeks in April, there was an industry challenge.

Moderator: Next question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: I have three questions. First is, if FY26 was primarily a timing issue, which you have explained, right, rather than a demand issue, where should investors expect to see the release of that timing effect first? Will it be inventory or receivables or operating cash flow or revenue growth?

Ankur Vaid: So as I mentioned that inventory, because we spoke earlier during the call that the slightly higher elevated inventory levels should get kind of used during the first half of the year. And what I've mentioned earlier that there is a fair amount of visibility on the first half of the year as well is how I would look at which kind of translates into the revenue that will get positively looked at.

Sajal Kapoor: No, that's helpful, Ankur. I mean you mentioned that some of the tenders that couldn't land in FY26 are still work in progress, hopefully. So in that context, what percentage of current inventory is already linked to identified customer demand or customer forecast or commercial shipments that will start getting released from Q1 of this fiscal?

Ankur Vaid: So that impact is only in the Middle East. All the other markets, I think, as I said, that our new customer acquisitions, which are there are new projects that we are looking at, the material that we have in hand is mostly being targeted and subject towards those.

When it comes to Middle East, we are not manufacturing formulations and sitting on the formulation process. So the inventory that we have is not with respect to the formulation inventory because therefore, shelf life starts kicking in. So the inventory that we have is primarily, I would say, more towards the API. And there it has been more about the staggered approach, which is there.

So for Middle East, I think supplies will be through the API to the extent it is possible to address those opportunities. But when it comes to formulations, neither are we holding the inventory. And whenever there is visibility and we have fixed orders coming from there, only then those production would happen. So that's how we are looking at the inventory positioning.

Sajal Kapoor: So that's helpful. So based on what you just told me, if I understood it correctly, there is absolutely very low probability of risk of we, taking any sort of write-off because of any inventory getting obsolete, etcetera.

Ankur Vaid: That's correct. From a formulation standpoint, yes.

- Sajal Kapoor:** And lastly, compared with FY24-'25 kind of time period, do you expect Concord's steady-state working capital intensity to be structurally higher structurally lower or kind of broadly will remain unchanged over the next 3 years? And the reason I'm saying 3 years is because that factors in some of the recently commissioned capacities to be kind of optimally operational?
- Ankur Vaid:** I would expect to be in line with our historical numbers. because majority of the business is API. And there, the working capital cycles are usually higher because of the nature of the business. So I expect to be relatively in line with our historical numbers.
- Sajal Kapoor:** Sure. That's helpful. And could I just appreciate that the quality of communication on the earnings call have been top notch throughout. And yes, we have seen a bit of a difficult period in FY26, but nevertheless, we have just communicated what was actually correct rather than just making it up, and very, very helpful communication. Thank you.
- Moderator:** Ladies and gentlemen, due to time constraint, this was the last question for the day. I now hand the conference over to the management for the closing comments.
- Ankur Vaid:** So thank you, everyone, for joining on our Q4 and FY26 earnings call. We hope we have been able to address all your queries. For any further information, please get in touch with us or SGA, our Investor Relations Advisors. Thank you once again. Have a good evening.
- Raviraj Karia:** Thank you, everyone.
- Moderator:** Thank you. On behalf of Ambit Capital, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.