CONCORD BIOTECH LIMITED

B-1601-1602, B-wing Mondeal Heights, Iskcon Cross Road, S. G. Highway, Ahmedabad-380015, Gujarat.
Phone : +91-79-68138700 Fax : +91-79-68138725 CIN No.: L24230GJ1984PLC007440
Email ID: complianceofficer@concordbiotech.com

August 07, 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 Q1 - FY27 Earnings call held on August 03, 2026

Dear Sir/Ma'am,

In continuation of our letter dated August 03, 2026 regarding Earning Call Recording- For the first Quarter ended on June 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 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
Digitally signed by Paritosh Trivedi
Date: 2026.08.07 14:48:35 +05'30'

Paritosh Trivedi
Company Secretary & Compliance Officer
ACS 63623

Encl: as above

CONCORD BIOTECH
Biotech for Mankind...

"Concord Biotech Limited

Q1 FY27 Earnings Conference Call"

August 03, 2026

CONCORD BIOTECH
Biotech for Mankind...

IIFL CAPITAL

CHORUS CALL

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 03rd August 2026 will prevail.

MANAGEMENT: **MR. ANKUR VAID – JOINT MANAGING DIRECTOR AND 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
SGA – INVESTOR RELATIONS ADVISORS – CONCORD BIOTECH LIMITED

MODERATOR: **MR. NAMAN BAGRECHA – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q1 FY27 Earnings Conference Call of Concord Biotech Limited hosted by IIFL 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 date of this call. These statements are not guarantee of future performance and involves risks and uncertainties that are difficult to predict.

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

I now hand over the conference to Mr. Naman Bagrecha from IIFL Capital. Thank you, and over to you, sir.

Naman Bagrecha: Good afternoon, everyone. On behalf of IIFL Capital Services Limited, we welcome you all on Q1 FY27 Earnings Conference Call of Concord Biotech Limited. We will begin the call with opening commentary from Mr. Ankur Vaid joint Managing Director and Chief Executive Officer, followed by a Q&A session.

Thank you, and over to you, sir.

Ankur Vaid: Thank you, and a warm welcome to our Q1 FY27 Earnings Conference Call. Along with me, I have Raviraj, CFO; Prakash Sajnani, AVP, Finance for Concord Biotech; and SGA, our Investor Relations Partners.

We are pleased to report a strong start to FY27 with Q1 FY27 revenues of INR257 crores, reflecting a healthy 26% year-on-year growth. As discussed previously, FY26 was a challenging year for Concord. We encountered multiple headwinds, including shifts in customer buying patterns, delays in obtaining CDSCO approval and tariff-related uncertainties that impacted customer procurement decisions for both current and future supplies.

However, these challenges are not new to us. We have demonstrated in the past that we can successfully navigate similar situations and emerge stronger. FY27 has begun on a positive note with a robust first quarter performance. We remain confident of sustaining this momentum over the coming quarters on the back of business visibility in pipeline.

Our confidence is underpinned the strength of our long-term growth strategy, our niche capabilities in fermentation-based products and our leadership position in key molecules in which we operate.

These competitive strengths continue to position us well to capitalize on emerging opportunities and drive sustainable growth. Speaking of green shoots and highlights of our current quarter, growth in Q1 FY27 was broad-based with healthy contributions across our key product categories, including immunosuppressants, anti-infectives, oncology and antifungals rather than being driven by any single segment.

We continue to strengthen our relationships with existing customers, resulting in increased wallet share, higher market share and growth that outpaced the broader industry. During the quarter, we onboarded multiple new customers while also engaging in advanced discussions with several large customers for long-term and consistent product supplies.

Our export business remained a key growth driver with export revenues increasing 46% year-on-year in Q1 FY27. This growth was broad-based across geographies, supported by rising inquiries from customers in major regulated and semi-regulated markets.

The strengthening of our global regulatory approvals and compliance framework over the past year has significantly expanded our addressable market. In addition to the regulatory approvals received during FY26, we successfully completed inspection by ANVISA Brazil for our Limbasi facility and PPB Kenya and NDA Uganda for Unit 2 formulation facility at Valthera. These approvals enhance our ability to deepen our presence in existing markets while expanding into new geographies.

During the quarter, we received ANDA approvals from U.S. FDA for mycophenolate mofetil and Tofacitinib tablets. These approvals, combined with our strong relationship with marquee customers, provide a meaningful runway for future growth. We have also successfully launched and commercialized fusidic acid in FY26, which is expected to contribute meaningfully to revenue growth during the current and next financial year.

Our product pipeline remains robust with plans to launch 2 to 3 new products annually. There are a couple of products which are at advanced stages of development, and we expect commercialization of these products in the coming quarters. This steady pipeline supported by our R&D capabilities and regulatory expertise is expected to create a strong foundation for sustainable long-term growth.

Another key milestone during the quarter was the commencement of commercial operations and sales through Stellon Biotech, our front-end distribution platform for formulation products in the U.S. While the business is currently at a nascent stage, we believe it has the potential to become a meaningful contributor to our growth over the coming years.

Our injectable facility is also witnessing encouraging progress. Customer engagements and commercial discussions are at advanced stages and as facility scales up, we expect to contribute to both revenue growth and margin expansion. On the sustainability front, we are pleased to share that Concord has been awarded a silver medal by EcoVadis for its sustainability performance, placing us amongst the top 15% companies assessed globally.

This recognition reflects our continued commitment to responsible and sustainable business practices. Over the years, Concord has established itself as a leading research-driven biopharmaceutical company with deep expertise in fermentation technology. Our continued focus on scientific excellence, process innovation and operational discipline has enabled us to develop differentiated products, enhance manufacturing efficiencies and consistently deliver value to our stakeholders.

These strengths have positioned Concord among the leading global manufacturers of fermentation-based APIs and reinforced our leadership in this highly specialized segment. At Concord, we have remained committed to staying at the forefront of this evolution through sustained investment in research and development, manufacturing excellence and regulatory compliance.

Our strong technical capabilities, globally approved manufacturing facilities and long-standing customer relationships have enabled us to strengthen our presence across international markets and established ourselves as a trusted partner to leading global biopharmaceutical companies.

As we look ahead, we remain focused on building a future-ready organization by expanding our product portfolio, strengthening our customer base and creating sustainable long-term value for our stakeholders.

With that, I will now hand over the call to Raviraj, who will take you through the financial highlights for the quarter ended June 2026. Thank you.

Raviraj Karia: Thank you, sir, and good afternoon everyone. Let me take you through the financial performance for the quarter 1 financial year '26-'27. Revenue for Q1 FY27 stood at INR257 crores compared to INR204 crores in the Q1 FY26, a growth of 26.2%. Revenue from API segment stood at INR219 crores, a growth of 42%. Formulation revenue stood at INR39 crores with a de-growth of 23%.

However, as we have highlighted previously, Concord's performance is best evaluated on the basis of its overall business growth rather than the individual performance of API and Formulation segments. Our strategy is to optimize the value creation across the business. Whenever the opportunity exists that are not addressable through APIs, we leverage our formulation capabilities with the corresponding API requirements being sourced internally.

As a result, the mix between APIs and formulations may vary from quarter to quarter. But our focus remains on maximizing overall growth across the products, customers and geographies while delivering sustainable value for the business. Domestic revenue for quarter 1 FY26 grew by 12% sorry, domestic revenues for Q1 FY27 grew by 12% and export revenues grew by 46%. Gross margins for the quarter stood at 78.9%, an increase of 100 bps Y-o-Y.

The improvement in the gross margin reflects a strong pricing discipline, favorable product mix and limited competitive intensity across our key product categories. EBITDA for Q1 FY27 stood at INR82 crores, a growth of 34% and EBITDA margins stood at 32%, an increase of 190 bps year-on-year. EBITDA, excluding the impact of injectable facilities and expenses related to the Stellon Biotech would have been 37% for the Q1 FY27.

As the injectable facilities ramps up, we are optimistic of sustaining our historical margins. Speaking of profit after tax, the PAT for the quarter stood at INR58 crores, a growth of 31% year-on-year. PAT margins for the quarter stood at 22.4%, an increase of 80 bps year-on-year. Lastly, we are a zero debt company and with cash and cash equivalent of more than INR442 crores as on 30th June, our capex for the quarter stood at around INR9.5 crores.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parth from Trinetra Asset Managers.

Parth: My question is like the API business has recovered strongly this quarter with exports growing around 46%. Could you and overall business has also grown with a good set of growth rate? So could you help us understand how much of this reflects normalization of delayed customer procurement versus the structural gains such as the market share expansion or stronger underlying demand? Additionally, should we expect this growth trajectory to sustain through the rest of FY27?

Ankur Vaid: Sure. So as we've mentioned previously that the customer procurement patterns from the quarter 4 of last year was spilled over into subsequent quarters. So yes, there has been some contribution coming from that in this quarter, but we expect subsequent quarters also to be having similar kind of spillovers. It will be difficult for us to quantify each and every number there.

But yes, much of the growth for Concord in this quarter has been from the new products, which are where we've been selling the products and has been across geographies. So not only, say, the U.S. geography has grown, but the sales has grown across all the markets, be it Europe, Japan, LatAm and all. So this is more of a growth across all segments and across all geographies, while some bit of contribution is from the spillover from the last quarter.

Coming to the growth, as I've mentioned in the call that we have a good sense of visibility also for the coming quarter. And we are on track to have the growth, as mentioned earlier, better than what the historical growth rates have been. So we stand on track to achieving growth better than our historical growth rates.

Parth: Okay. Got it. And my one more question. Like last quarter, you mentioned that existing manufacturing infrastructure has the potential to support nearly INR3,000 crores of revenue. So could you help us understand the road map to achieve that scale? Like specifically, what proportion do you expect to come from expansion in the core API versus injectables, formulations, CDMO and new product launches and over what time horizon do you see this opportunity materializing?

Ankur Vaid: So we expect that around INR600 crores to INR700 crores is going to be from the formulation business. And the rest of the growth is going to be the balance INR2,200 crores is from the APIs. And we have the infrastructure to address this opportunity because in the injectables -- in the formulations, as you would see that the injectables is not contributing significantly because it was just commercialized last year.

So there is an ample amount of growth that we see from the injectables. And also in the oral solid side, we have added the softgel facility and also continue to see capacity utilization for the new products that we have launched in the U.S. and in other markets given the AND approvals also that we have got and the ones that we are awaiting approvals in this year or so.

And on the API front, as you would see that the capacity utilization for Unit 3 has been close to around 50%, 55%. And again, there is ample amount of capacity that is available to address the growth that we see from the overall API business. So I would say that capacities are there, capabilities are there, and we also have a robust pipeline of products to meet these capacities.

As we have mentioned that this is more of a long-term vision of the company that to go to the INR3,000 crores to achieve the full scale of the facility that we have. And I would say in a matter of 5 to 6 years, we expect that we should be pretty close to achieving that number because given the CAGR growth rate that we have spoken in the past, we should be pretty close to achieving the INR3,000 crores number.

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

Sajal Kapoor: Ankur, across CDMO injectables and Stellon, which one have earned the right to receive the most management attention today and what evidence has earned that?

Ankur Vaid: So all the 3 segment units, as you would see, are relatively at a nascent stage and they are all equally exciting opportunities for us. If you would see Stellon with the launch of the ANDA approvals that we have got and also some of the products that we've got approvals, but we awaited for Stellon to fully commercialize, we see good amount of growth coming from Stellon in the coming time. So and Stellon is not only going to be marketing Concord's products, but it's also going to be in-licensing products from third parties to market it in the U.S.

So it is purely going to be a U.S.-driven business that we're going to be focused on, and we have the right people to kind of address those opportunities. If you see the injectable business, of course, the quantum there is relatively large because the facility can do close to INR600 crores of top line there and we are the only integrated company right from fermentation API to finished product in India.

So the addressable market is large and also, we are the only company which is fully integrated. So we have the right to win in this specific case, and the facility also has been built as per global quality standards. So we are now taking all the right steps in the right direction. WHO GMP is set. We have got the validation batches completed. Customer audits are going on. Already discussions are going on with those customers. So we are taking the right steps in the right direction.

And definitely, it's an exciting phase for us when it comes particularly to the injectable business. On the CDMO front, as you would know that there are very few companies globally which are having the kind of expertise in the fermentation space like Concord and within India, Concord has the kind of capacities to address the CDMO opportunities in the fermentation space.

But of course, it takes a lot of time to kind of have the CDMO projects commercialized right from discussing with the customers, all the way to execution of it. So it's a time-consuming process, but our efforts are being there to kind of convert those opportunities.

We have one opportunity, which we've already commercialized, and there are a couple of those which are in the pipeline, which we expect that at least one of them should happen in this year.

So we are pretty excited for all the 3 opportunities, and they're all in very different segments. So it will be difficult for us to kind of pick one of those.

Sajal Kapoor: No, that's very thoughtful and we know that ours is a net cash balance sheet. We have been consistently reporting positive operating cash flow. So in that context, what specific evidence over the next, say, 12 to 18 months would make you accelerate each of these 3 initiatives and vice versa, what evidence would force you to pull back?

Ankur Vaid: No. I don't think that there is anything that would make us pull back on any of these opportunities that we spoke about. Of course, cash on hand is a separate matter, and we're looking at different avenues to kind of how do we use the cash on hand. We are looking at different inorganic growth strategies also and also organically, what kind of adjacencies that we can build on within the fermentation space.

So from an investment standpoint, I think we have made enough investments in all these 3 verticals because CDMO is a fungible asset that can be used between our APIs and the CDMO and as I mentioned, injectables is the newer facility. So the cash on hand that we have would be looked at from utilizing for growth in adjacencies organically or inorganically, and we're exploring both of those 2.

Moderator: The next question is from the line of Siddharth from CWC.

Siddharth: Ankur, congrats on a good quarter to you and the Concord team. A few questions. One, if you could share the capacity utilization across all the units. The second was on understanding you said that the growth was broad-based across immuno and non-immuno APIs. But if you could give us some understanding of the immuno-onco and other API salience?

The third is, given that we've been talking about the CDMO opportunity starting up, is there a possibility of understanding what is the revenue contribution currently and you'd guided to broadly around 1% to 2%. What could we look at there, right, in this quarter and in the coming quarters and the fourth one was on domestic formulations, right? There seems to be a little bit of a challenge this quarter, if you could throw some color on that?

Ankur Vaid: So I'll let Raviraj address the capacity utilization.

Raviraj Karia: So the capacity utilization for Unit 1 was around 80%. For Unit 3, as sir mentioned, it is around 55%. Unit 2 was around 25%.

Siddharth: Sorry, how much?

Raviraj Karia: 25%.

Ankur Vaid: So on the other points, as I mentioned that we have seen growth across all segments. So while we have grown on value base for all the segments and all segments have grown by double-digits growth, particularly the anti-infective and the oncology segment has seen a higher growth compared to, say, in terms of percentage, if I talk about, compared to the immunosuppressant.

So while immunosuppressant has also grown, but anti-infectives and oncology have grown much, much more than the rest of the segments.

And there are products like Nystatin and other products where we are seeing good traction. And also this is just one of the products that I wanted to highlight, but other products as well are seeing a good traction. So that was the reason why I mentioned that it's been across all products and all segments. Talking about the CDMO business, yes, currently, it would be at around 1% to 2%.

But our intent is to kind of bring it to a double-digit contributor to the overall sales numbers and we are kind of working towards that. As mentioned earlier that we have a couple of products that are at advanced stage. We continue to engage with other customers as well through the RFQ, RFP on these fermentation CDMO opportunities. So definitely, it's a piece of business that we are very much focused on, on building in years to come.

With respect to the domestic formulation business, the domestic formulation business in quarter 1 of last year had a contribution to the Middle East supplies and that is something that did get impacted going forward. So there was a contribution which was built in, in the domestic sales, which was not the case in this specific quarter.

So if we take out that portion of it, then our domestic business has grown by double-digit numbers for both the 2 divisions, which is the Intra division, which is the nephrology division as well as INCA division, which is our Critical Care division. So you see that degrowth only on account of the domestic sales done for the Middle East supplies.

Moderator: The next question is from the line of Alok Dalal from Jefferies India Private Limited.

Alok Dalal: First question is on constant currency growth. What is the Y-o-Y constant currency growth for the company?

Raviraj Karia: So you have seen that the forex movement in terms of dollar has been around 10% to 12% compared to the last year. However, when we see that we also have an impact of the input cost on certain aspects. So net-net, if you see, it is historically 3% to 4% currency growth that we have. But this year, it was around 10%. However, having said that, there are impacts of the input cost. So net-net, you will see 3% to 4% or up to 5% of the impact into the currency rate.

Ankur Vaid: Which is flowing down to the EBITDA.

Raviraj Karia: Yes.

Alok Dalal: Okay. Up to 5%?

Raviraj Karia: Yes.

Alok Dalal: Okay. Got it. Ankur, also in the press release, you mentioned higher wallet share gains during the quarter. So what was the main driver for that? Was it pricing? Was it some competitor having some disruption? Can you help understand that?

Ankur Vaid: So it was primarily driven by pricing. And because as you would see that we have built almost 1,250-meter cube fermentation capacity. So based on the economies of scale, based on our expertise, we have a good grip on the pricing and that advantage, price benefit based on that, we have shared it with our customers. So even by giving a competitive pricing to that of our competitor, we are still able to maintain our healthy profitability margins.

But the seeds of many of these discussions have been sown maybe 8, 10, 12 months, what we are seeing right now. So those conversions are what we see being executed in this specific quarter and this has been purely a price advantage game that we have based on which we've been able to gain this wallet share.

Of course, there are softer aspects also because when we are working with them on a couple of fermentation products, we become like their fermentation partner. But those are the softer aspects, which do kind of play out, but the primary reason for the change is the price.

Alok Dalal: Okay. and just to better understand this, these are with respect to new launches or even the existing traditional products you've taken pricing advantage and gained wallet share?

Ankur Vaid: Again, primarily, this would be with respect to the existing products. The newer products that we see, of course, we have been able to convert many of those customers to Concord, but the quantum to that may not be as high when it comes to being reflected at the overall level. That is something that we would see in the coming quarters or so because that's just the addition that has happened, maybe like a validation batch quantities that we would have given. So much of it is basically on the existing products.

Alok Dalal: Okay and last one is, amongst the new products that you would have launched over the last 2 years, would you like to call out or identify any products which have seen meaningful scale and reasons behind it?

Ankur Vaid: So as I mentioned, Nystatin definitely is a product that is doing very well for us. And there is fusidic acid is something that we have launched in this year. So this is primarily a Europe product. It's not a U.S. product, but it is, again, a very niche large volume product with limited players in the market. So we continue to kind of make inroads into the emerging markets.

And once we get a CEP approval for the product, that's when we will see supplies happening to the European market. So these 2 products that we have launched are, again, interesting products with limited competition, where we can see meaningful growth coming in on specific to these 2 products.

Alok Dalal: Okay. Sure and sorry, one last one. On the margin. So Ankur, you mentioned that FY27, the growth will be better than the historical growth rate of the company. In terms of EBITDA margin, should we expect the company to reach that 40% mark by end of this year?

Ankur Vaid: So based on the operating leverage coming in and also the renewables energy that we have, both these 2 playing out, we expect the EBITDA margin to be better than our sales growth numbers. But in order to reach to the 40%, we need to have the injectable facility and Stellon business

fully ramping up, which we expect that a partial amount of that would happen. So we would be towards that journey of reaching 40%.

But within this year, probably it may get spilled over slightly to the next year based on the utilizations of the new injectable facility but already now we are on that positive movement because much of the expenses had already been built in the last year. So any utilization coming in is only going to be improving the EBITDA margins from here.

Alok Dalal: Understood. So more towards FY28 is when you move towards that 40% mark?

Ankur Vaid: That's correct.

Moderator: The next question is from the line of Naman Bagrecha from IIFL Capital Limited.

Naman Bagrecha: One question on injectable plant. By when do we expect to commercialize this plant and by when do we expect, let's say, supplies to export markets from this plant?

Ankur Vaid: So the plant is already commercialized. We have taken exhibit batches from this site, already batches are on stability and for certain markets, filings are also taking place. So getting the approvals in the emerging markets is a 12 to 15-month process. So we expect that by next year, sales to the emerging markets would start.

However, prior to that, our focus would be that how can we maximize utilization of this facility through the domestic market, which itself has a considerable amount of opportunity for the kind of products that we are working on.

So that could be addressed not only by supplies through our own branded generics, but also become like a contract partner for some of the larger companies for these products. As I mentioned in my opening remarks that we are the only company which is integrated right from API to formulations.

So definitely, there is an advantage that we can give to our customers even for the India market and given the opportunity is sizable, that's how we are looking at the first year or 2 focused mostly on domestic front before the emerging market opens up for us.

Naman Bagrecha: When does the sales start, let's say, for the domestic market? I mean my understanding was that it has not yet, let's say, started from this plant. If you could please provide color on that?

Ankur Vaid: So we have already started the sales from this facility when it comes to our own in-house to our own branded generics products. So many of those products are being made in-house rather than earlier being sourced from third parties. However, for the contract manufacturing for third parties, we have already started discussions with those customers.

For some companies, audits have also happened. So we are at advanced stages of discussion with those customers to have them onboarded. But again, it's a process that we are going through. So we expect that in second half of the year, we should see some of those opportunities being commercialized.

Naman Bagrecha: Okay. So could you highlight what would be the capacity utilization during the quarter or let's say, the sales number for the injectable plant?

Ankur Vaid: Injectable plants?

Naman Bagrecha: Injectable.

Ankur Vaid: Yes, it is around 5%.

Naman Bagrecha: 5%. Okay. Okay. And at what capacity utilization can we achieve, let's say, EBITDA breakeven?

Ankur Vaid: Let me come back to you on that. So far, I don't have the number with me, but I can come back to you.

Naman Bagrecha: Okay. Second, on the CDMO update, if you could provide any color on the commercialized, let's say so one project we have commercialized in the animal health space. So are we seeing any strong traction or what has been, let's say, our interactions with the customer on this product?

Ankur Vaid: Yes. So currently, we're doing a couple of million dollar sales to the customer. But we expect that to increase because, again, this is a new product and currently, other than this product, there is no product to address that disease. So being ANDA product, which was just launched with Concord, they are kind of building up that market. So I would say it would be a slow and steady market share gain for the particular product.

So they are doing their marketing efforts. Team has been built in the U.S. is what I understand from them. And directionally, they are taking those steps. So currently, I would say it's a couple of million dollars, but the potential could be sizable and that market needs to be developed, which they are in the process of doing so.

Naman Bagrecha: Currently, they are selling only in Europe.

Ankur Vaid: Sorry?

Naman Bagrecha: Currently, they are selling only in Europe?

Ankur Vaid: In U.S., it's a U.S. product, right?

Naman Bagrecha: Okay. It is in the U.S. and they are extending it to other markets, let's say, like Europe or any other markets?

Ankur Vaid: Currently, their focus is on the U.S. right now because, as I mentioned, that building up the team and putting their efforts to kind of build that market, which we're trying to address that opportunity. So I think maybe as Phase II, once the U.S. stabilizes, they will take it to other products. But right now, it has primarily been focused on the U.S. market.

Naman Bagrecha: Okay. One more on this U.S. market. I mean, just a few days back, again, we heard 100% kind of tariffs on generics 2 years from now, right? Any, let's say, color in terms of whether this gets impacted again in terms of, let's say, API sales as well?

Ankur Vaid: We have not heard anything from our customers on any of the concerns on this.

Naman Bagrecha: Okay and lastly, on capital allocation, given that we are a net cash company, given that we have the capacity to generate, let's say, INR3,000 crores of revenue, do we expect to increase our dividend payout or any, let's say, acquisition in the pipeline?

Ankur Vaid: So yes, historically, we've been paying out dividends and of course, the other options are there, which is growth organically and inorganically, which we were discussing. So we are exploring both the 2 options of growing organically and inorganically in the adjacencies of fermentation. So all the 3 options are there on the table.

Moderator: The next question is from the line of Alankar from Kotak Institutional Equities.

Alankar: Ankur, you spoke about reaching INR2,200 crores, INR2,300 crores API sales in the next 5 to 6 years. That's on your current capacity. Now looking at the overall supply-demand outlook and given that you have ample scope to do brownfield expansion at Limbasi, broadly, when would you start thinking about API capex to support growth beyond the next 4 to 5 years?

Ankur Vaid: So I think once the utilization levels reach to around 80%, 85%, I think at the Unit 3, I think probably that will be a time to kind of add more capacities at Unit 3 and out of the 160 acres that we have at Unit 3, we've only utilized 20%, 25% of the land.

So we have enough space to kind of add capacities there. So it would be purely based on the capacity utilization and whether that gets used for our own products, whether it gets used for CDMO projects because both are fungible in nature. So closer to around 80%, 85% is I believe we would take that decision.

Sometimes there are certain products which require a separate, dedicated fermentation capabilities. And if that case arises, then probably it could be case specific that we would need to put up those capacities.

Alankar: Can you talk about, Ankur, certain dedicated requirements, right? I mean, were you alluding to the point you made earlier on exploring growth organically as well as inorganically in adjacencies of fermentation and if you can help elaborate on that statement, which adjacencies are you looking at?

Ankur Vaid: So of course, if you see that, yes, the answer is yes. Capacities if we intend to put earlier than the 80%, 85% would be towards growth in adjacencies agencies and there are adjacencies such as peptides, veterinary products, other kind of products, which need somewhat of a dedicated fermentation capabilities. So those could be some of the areas where we could if we would require, we would need to set up those capacities.

Alankar: Got it. The second question is, in the past, you have spoken about your increasing engagement with innovators where you are positioning yourself as a secondary and maybe eventually a primary supplier of off-patent APs. Can you share any details, any updates on that front?

Ankur Vaid: So we continue to work with the innovators. We last year, we added 2 customers. We have a couple more projects on which we are working on, which I would say are relatively progressing well and I would say that maybe by the end of this year should be at either at advanced stage to closure. So yes, our relationship with our customers, which have been long-standing help us to kind of engage more with those innovator customers.

And given our scale capacity that we have and our expertise, and the comfort that they get with Concord on working on such fermentation products helps us to kind of gain those opportunities. So we continue to work with them and also for the newer products that we launched, the intent is that at some given point of time, we should be able to reach out to those innovators for these products. So that's how things are progressing on our engagement with the innovators.

Alankar: Got it. The other question was, if we adjust for the Middle East tender, the lost sales there, even then the formulation sales have been a bit weak and you gave some explanation in your opening remarks. I'm not sure I fully followed that. Can you just help explain the reasons for the ex-Middle East formulation sales decline?

Ankur Vaid: So certain opportunities, what we mentioned was that there are certain opportunities which if we are able to address via the API, we would prefer to address those opportunities via the API rather than the formulation. However, if we are unable to gain those opportunities via the API route, then one of the ways to address those would be through utilizing our formulation capacities.

So that is what we meant. So certain markets where we are not making inroads through API, then formulation is the way. But say, for example, in Middle East, certain customers this quarter were able to procure the API rather than the formulation. So instead of the formulation strategy because of the challenges that they had with the formulation, some of those customers did procure the API because API has a relatively longer shelf life.

So they get more flexibility in terms of when to kind of manufacture the formulation and cater to those markets. So some of those kind of became more towards API and hence, it has an impact on the formulation. But if you see from an overall perspective, for that particular market and for that particular product, at the API level, we grew. But instead of formulations, we grew by the API. That's how what we meant by that.

Alankar: Got it. One final follow-up here. Is the ramp-up of external domestic sales from the injectables facility in line with your initial expectations?

Ankur Vaid: So the initial expectations, even last year, if you would see, got delayed by a couple of quarters. So the delay that's happened has been what we saw in the last year. But I think beginning of this year, we are pretty much on track in terms of how we would want to be and where we would want to be. Those delays that happened were primarily on account of getting the inspections and the approvals, which is again a time-consuming process.

But yes, there were some delays there. And also the facility qualification took slightly longer than what we would have wanted it to. But that's okay. I think the first step is always the important step and the most critical step. But going forward after that, I think we are pretty much on track.

Moderator: The next question is from the line of Ritika Agarwal from ValueQuest.

Ritika Agarwal: Congratulations on good numbers for the quarter. My question is on scale up of API revenues that you've talked about to INR2,200 crores by next 5 to 6 years. And we've clearly mentioned that we are not looking to add capacities for the same. So could you help us explain how are we looking at more than doubling the current revenues in this segment when the utilizations are Unit 1 already at 78% and Unit 2 at 55% utilization rates?

Ankur Vaid: So if you look at the 55% also, some part of it does get utilized for manufacturing of KSMs as well, which we can source from third parties also and manufacture ourselves and there are product ramp-ups that are happening with respect to nystatin or fusidic acid because, again, these are all anti-infective products, which are taken only at Unit 3.

Also, going forward, barring the oncology products, we have 8 to 10 products which are there in the pipeline and of which maybe around 2 or 3 products are in the onco segment. All the other products are in anti-infectives and antifungal. So all these products are going to get added into the Unit 3 facility only.

And the oncology products, which are there, while they would be significantly contributing to the top line, but all those are manufactured, say, in a 5,000-liter fermenter. So when you look at from a capacity utilization perspective, you will see that the capacity utilization would have marginally increased, say, from 75% to 76%, but the contribution from Unit 1 oncology facility would be significantly larger.

So at times, capacity utilization also is not a true reflection of what the revenue could get generated from that because certain oncology products could generate larger value revenue compared to other products. But if we combine all those and we look holistically, yes, both the 2 facilities combined together, given our existing products as well as our pipeline products have the capability to reach to INR2,200 crores.

Ritika Agarwal: Got it, sir. A follow-up would be current excluding the KSMs that you talked about from Unit 3, excluding that, our current capacity utilization for Unit 3 should be 20%, 25%. Would that broadly be correct?

Ankur Vaid: Should be slightly higher than that, but I can come back to you on the exact number post the call.

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

Ankur Vaid: So thank you, everyone, for joining on our FY27 Q1 earnings call. We hope we've been able to address all your queries. For any further information, please get in touch with us or SGA, our Investor Relations adviser. Thank you once again. Have a good evening.

Moderator: Thank you. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.