



Date: 29th October, 2026

To The Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra – Kurla Complex Bandra (East) <u>Mumbai – 400 051</u> Stock Code : INDOCO	To The Listing Department Bombay Stock Exchange Limited Floor 25, P. J. Towers, Dalal Street, <u>Mumbai – 400 001</u> Stock Code : 532612
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Dear Sir/Madam,

Subject: Transcript of Earnings Conference Call on Unaudited Standalone and Consolidated Financial Results for the Quarter and Half Year Ended 30th September, 2026

Pursuant to the Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Conference Call held on 27th October, 2026 at 03:00 p.m. (IST) in respect of Unaudited Standalone and Consolidated Financial Results for the Quarter and Half Year Ended 30th September, 2026. The Earnings Conference Call concluded at 04:05 p.m. (IST) on 27th October, 2026.

You are requested to kindly take the same on record

Thanking you,

Yours faithfully,

For Indoco Remedies Limited

Ramanathan Hariharan
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Ramanathan Hariharan
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Ramanathan Hariharan

Company Secretary & Head- Legal





“Indoco Remedies Q2 FY27 Earnings Conference Call”

October 27, 2026



MANAGEMENT: **MS. ADITI PANANDIKAR - MANAGING DIRECTOR,
INDOCO REMEDIES LIMITED
MR. SUNDEEP BAMBOLKAR - JOINT MANAGING
DIRECTOR, INDOCO REMEDIES LIMITED
MR. PRAMOD GHORPADE – CFO, INDOCO REMEDIES
LIMITED**

MODERATOR: **MS. RASHMI SHETTY – DOLAT CAPITAL**



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Moderator: Ladies and gentlemen, good day and welcome to the Indoco Remedies Q2 FY27 Earnings Call hosted by Dolat Capital.

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 this conference call, please signal an operator by pressing ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rashmi Shetty from Dolat Capital. Thank you, and over to you, madam.

Rashmi Shetty: Thank you, Iqra, and good afternoon, everyone. I, Rashmi Shetty, on behalf of Dolat Capital, welcome you to the Q2 FY27 Earnings Call of Indoco Remedies. We thank the Indoco Remedies management for giving us this opportunity to host the call.

Today, we have with us the senior management of the company represented by Ms. Aditi Panandikar - Managing Director, Mr. Sundeep Bambolkar - Joint Managing Director, Mr. Pramod Ghorpade - CFO.

I will now hand over the call to the Management for the opening remarks. Over to you, sir.

Management: Thank you, Rashmi. Good afternoon, everyone. Thank you all for joining this call today.

Let me draw your attention to the fact that on this call, our discussion will include certain forward-looking statements, which are projections or estimates about our future events. These estimates reflect the management's current expectation of the future performance of the company. Please note that these estimates involve several risks and uncertainties that include a cause or actual results to differ materially from what is expressed or implied.

Indoco does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new confirmation, future events or otherwise.

Now, I will request our Managing Director – Ms. Aditi Panandikar, for her opening comments. Thank you. Over to you, madam.

Aditi Panandikar: Good afternoon, everyone and a very warm welcome to Indoco Remedies Q2 FY27 Earnings Call. The 2nd Quarter of FY27 marks an important milestone in Indoco's growth journey. Despite a dynamic operating environment and near-term challenges, we have continued to make progress across key business segments, strengthened our operating performance and advanced our long-term strategic priorities.



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I am particularly pleased to share that for the first time, Indoco has crossed the Rs. 500 crore mark in quarterly consolidated revenues, recording 5,069 million in Q2 FY27. While we have made encouraging progress in improving our operating profitability, the expansion in margins was partially impacted by increase in material costs along with elevated freight costs arising from ongoing geopolitical conflict. Despite these external cost pressures, we remain focused on driving operational efficiencies, strengthening cost management and improving profitability. These results reflect the progress we are making in strengthening our operating performance and building a more resilient business.

Moving to our domestic operations:

Our domestic formulations business continues to benefit from established brands, strong prescription franchises and leadership positions across select therapeutic categories. While the business has faced near-term challenges, we are encouraged by the continued strength of several of our core brands and the growth opportunities emerging from priority therapies. Cyclopam has further strengthened its position as a flagship brand, crossing the Rs. 200 crore threshold and now at a sales of Rs. 206 crore and maintaining its number two position in the antispasmodics and anticholinergics market.

Our gastrointestinal portfolio recorded encouraging growth of 30.3% during the quarter, while our stomatological business grew by 34.8%, reinforcing the strength of our differentiated brand portfolio. We are also seeing promising traction in our newer introductions and emerging brands. These products represent an important growth opportunity as we continue to deepen our prescription reach, strengthen our presence in priority therapies and build the next generation of brands for Indoco. Our focus remains on improving the performance of our domestic franchise through sharper execution, stronger field force productivity, disciplined brand investments and a continued emphasis on high potential therapeutic segments. We believe these initiatives will help us progressively strengthen our domestic growth trajectories.

Turning to our international operations:

Happy to share that Plant-1 at Goa had a very successful MHRA audit and as we just got the message today and a release has been made earlier this day, the RCRO, AnaCipher, has also cleared the ANVISA inspection. Our international formulations business delivered a strong performance. We witnessed encouraging momentum across regulated markets, particularly the United Kingdom and Europe, alongside strong growth in USA and the Latin America. This performance reflects the strength of our international platform, our established customer relationships and our growing capabilities in contract research and manufacturing services. Regulated markets remain an important pillar of our growth strategy. We continue to leverage our regulatory approved manufacturing infrastructure, development capabilities and customer partnerships to pursue higher value opportunities and strengthen our presence across established and emerging markets.



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Our API business has also continued to demonstrate great resilience. Our integrated API capabilities remain strategically important in strengthening supply chain security, supporting our formulations portfolio, and enhancing our competitiveness. Additionally, our allied services businesses comprising of Indoco Analytical Solutions and AnaCipher, the CRO, continued encouraging growth trajectory. We believe these capabilities will play an increasingly important role in strengthening our development and research platform while creating opportunities for future business expansion.

As we look ahead for the second half of FY27, our priorities are clear. Strengthening domestic brand performance, accelerating international growth and improving operational efficiency while building capabilities that support sustainable profitability. We will remain focused on disciplined execution, prudent resource allocation and investments that create long-term value. This year is especially significant for Indoco as we are progressing towards celebrating our 80 years of existence. For 79 years, trust, integrity and nurturance has been the foundation of our journey.

As we move ahead, our renewed focus on accountability, meritocracy, agility and resilience reflect our commitment to build a stronger, more agile and competitive organization. We are new Indoco, 80 years forward. We recognize that there is more work to be done, particularly in strengthening our domestic performance. However, the progress across our international formulations, API and allied services businesses together with improving operating metrics and continued strength of our core brands gives us confidence in the opportunities that lie ahead. We remain optimistic about Indoco's long-term growth prospects and firmly committed to building a more resilient, innovation-driven and profitable pharmaceutical business that delivers sustainable value for our shareholders and stakeholders.

Thank you. I will now hand over the floor to Mr. Sundeep to present to you the details of the financial highlights for the quarter.

Sundeep Bambolkar:

Thank you, Aditi. Good afternoon ,everyone. Let me first begin with the financial highlights.

Standalone net revenue of the company for the 2nd Quarter '26-27 grew by 2% at Rs. 4,381 million compared to Rs. 4,293 million for the same quarter last year. Consolidated net revenues of the company for the 2nd Quarter '26-27 grew by 7.4% at Rs. 5,069 million compared to Rs. 4,718 million. Standalone EBITDA to net Sales for the quarter is 9.2% at Rs. 403 million compared to 12.4% at Rs. 534 million. And for the immediately preceding quarter, EBITDA is 10.3% at Rs. 422 million. Consolidated EBITDA to net sales for the quarter is 9.2% at Rs. 464 million compared to 9.1% at Rs. 431 million. And for the immediately preceding quarter, EBITDA is 8.8% at Rs. 410 million.

Domestic Formulation business:



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Revenues from Domestic Formulation business for the quarter are at Rs. 2,128 million compared to Rs. 2,261 million. Major therapeutic segments like Stomatology, Gastrointestinal, Urology and Dermatology performed well during the quarter as compared to the same quarter last year.

On the International Formulation business front:

Revenues from International Formulation Business grew by 12.1% at Rs. 1,720 million compared to Rs. 1,533 million. Revenues from regulated markets for the quarter grew by 21.1% at Rs. 1,109 million as against Rs. 915 million. Revenues from US business for the quarter grew by 16.4% at Rs. 391 million as against Rs. 336 million. Revenues from Europe for the quarter grew by 23.5% at Rs. 675 million as against Rs. 547 million. Revenues from South Africa, Australia, New Zealand grew by 31.2% at Rs. 43 million as against Rs. 33 million. Revenues from emerging markets for the quarter are at Rs. 612 million as against Rs. 618 million. Revenues from API business for the quarter grew by 4.6% at Rs. 451 million as against Rs. 431 million. And finally, revenues from AnaCipher CRO and Indoco Analytical Solutions for the quarter grew by 20.8% at Rs. 82 million as against Rs. 68 million. That is all about the business highlights for the 2nd Quarter.

I now request the participants to put forth their questions. Thank you, all.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirmam from Unique PMS. Please go ahead.

Arvind: Hello, I am Arvind. Madam, my first question is on the other expenses. So, in the first quarter, we had controlled our other expenses and employee expenses. We had also mentioned that all the initiatives that we had taken, we had reduced the number of people by 1000 odd or something. But still, the expenses are up this quarter. So, one, what is the problem here? And secondly, how do we control these on a sustainable basis?

Aditi Panandikar: Yes. So, good question. As you correctly said, most of our expenses and most of our other expenses are actually fundamentally under control. What has happened this quarter is we have got impacted in a heavy manner on account of freight, which has impacted most of our international business. The employee costs as a percentage of sale have actually dipped by a couple percentage points. So, we feel going forward, I know the current situation because of the war. I do not know till when we will have to bear these kind of additional freight. But that is it. And otherwise, there is no other concern. So, I feel, I mean, I know we had always guided at around 160 on a consolidated basis. We have slightly inched above it in this quarter.

Arvind: Can you quantify the freight impact, madam?

Aditi Panandikar: About 13 crores.



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Arvind: 13 crore additional impact.

Aditi Panandikar: Yes.

Arvind: Because we have always maintained 150 crores would be the number that we were targeting.

Aditi Panandikar: Yes.

Arvind: Second question on the domestic business. So, all our priority therapies are doing well, but then that growth is again offset by other acute business or some of the other headwinds. So, how do we solve this problem also? Because now it has been, I mean, we have not had single digit growth for this year. We have not had, I mean, we wanted to grow low double digits, but we have not been able to grow the domestic business. So, how do we work on this?

Aditi Panandikar: Yes. So, what you said is true. I mean, it is very surprising that when Cyclopam and Cital and the dental portfolio is growing by 30%. So, you have three winners and then you have Febrex Plus, Oxipod and ATL degrew by almost similar percent of a similar value. That has been literally the story of this quarter. What are we going to do? Of course, as we work on the portfolio and reduce our dependence on the seasonal acute therapies, this should come under control. But this has been a very, very different year or different season. I think you might have seen across all segments, basically. So, we would have to, as we improve this dependence, you know, reduce our dependence on the seasonal portfolio, I am sure India should do well. What is more heartening is that almost 100 crore on a MAT basis are now coming from products launched in the last 2 years. And these new products, I believe, are all in growth segments. And as they get stabilized and established, they will create an environment for us in which we can probably better face the challenges like we face this time.

Arvind: Madam, one is this portfolio problem and the second is also we were trying to work on our distribution again. So, any progress on that? How long does this take to, you know, get better?

Aditi Panandikar: So, it is a branded business. The way we do it, nothing can be done really overnight. We are working on it and we believe fundamentally things are improving because even Febrex Plus, which is in heavy degrowth, is growing at the prescription level. So, that and the same division which carries Oxipod also carries Cital and Cyclopam, the other two products which have delivered. So, I do not think there is much concern on effectiveness or efficiency. We really, I mean, if you look at anti-infectives and respiratory, one time we used to have more than 50% in these two therapies. Today, I think our total dependence must be around 30% still and which is pretty heavy. At the strategic level, what we are trying to do is with anti-infectives, anti-cold, in particular, we are trying to minimize impact going forward by looking at the mass doctors that we meet for these products. But having said that, these are categories which get maximum prescriptions from the general practitioners who are dependent on footfall and it has been a difficult year. So, we are working on various things to improve this. As and when we see



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improvements specifically at quantum levels in how some of these therapies perform, we will be the first ones to share it with you.

Arvind: Next, coming to the international business. So, while this quarter was at 12%, the half, if we look at H1, it is still in single digits. Given the kind of work that we have done, I think we were expecting far better growth here. So, again, because Europe is also, yes.

Aditi Panandikar: Right. So, international business in toto comprises of the red market and the emerging. What typically happens is that the emerging business, of course, Q1 was not good for emerging business. Q2, they have done a little better, but not up to our expectations. But our red markets have grown by 21%. So, that is very healthy. Emerging business have also taken impact slightly of the ophthal portfolio sales in Africa, which no longer now belong to us, as in we continue to promote the products for Sunways. So, around 10 crores of sales has got impacted on account of the Sunways portfolio of ophthal in Africa, which has gone away. Our own red market business I would like to speak about, Europe, UK, very steady order positions, good offtake, and we feel confident that these businesses will show very healthy growth in the years to come also. Emerging business, there are cycles and I feel by Q3, even this business will come to mark.

Arvind: So, in the regulated market business, say Europe, UK, can these markets grow at 20% plus for the next 1-2 years?

Aditi Panandikar: Yes. That is the target.

Arvind: Okay. Then one question on our audit that happened. So, while we were ready, we still had 7 observations once again. So, if you could just explain what were those observations and do we expect the plant to get resolved?

Aditi Panandikar: So, I think I said this in the last MDA discussion, call with management, but I will repeat now. We have just finished giving FDA a major outline on how we are going to respond to their concerns. One update on data and work done thereafter has also gone to USFDA. I believe this is the time when they are looking through our responses, looking holistically at the whole picture. And like I said, by first week of December is the earliest we are going to know about which way this goes. I feel pretty confident that our team because the observations might look many in number, but none of them are specifically related to any DI, data integrity, any cleanliness or cleaning validation or any of those major things. Most of them have got to do with the expectation of the agency on how we investigate, how we do certain procedures and processes. So, a lot of the responses this time have been about training people to meet up with the regulator's requirements. So, I feel pretty confident and keep hoping for a positive outcome. Best we speak about this after December.

Arvind: One question on our CAPEX. So, till last year, we were maintaining that all the CAPEX had been done and we were expecting about only Rs. 40 odd crores of CAPEX for the next 1-2 years.



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But if I look at the cash flow statement, I see about Rs. 60 crores CAPEX in H1 itself. So, again what is this? Do we expect higher for this year?

Pramod Ghorpade: So, Nirmam, basically CAPEX, what you see there is a capitalized amount on account of intangibles. The work which we do on ANDA, dossiers, those are capitalized.

Aditi Panandikar: But actual CAPEX for land etc. is not more than Rs. 25 crores, I think this year. Less than that.

Arvind: But then how does it, Pramod sir, how does it reflect in the cash flow statement in the investing activities?

Pramod Ghorpade: Yes, because we do capitalize the ANDAs and the approvals based on R&D expenses are capitalized. What we can do, we can do a more disclosure, we can bifurcate that between PPE and others.

Arvind: Okay, understood. And so, one question on Warren, we had incorporated a new subsidiary for the API business, I think. So, if you could explain the reason for separating these two businesses or if we are looking at anything additional, are we trying to get any funding, anything?

Aditi Panandikar: No, I mean, I will just address your basic query. Why? Because, we have many businesses inside Indoco and some of them are really as different as chalk and cheese. So, the OTC business of Warren Remedies and the API manufacturing business of Warren Remedies are very, very different. We believe, therefore, that consistently whenever we look at Warren Remedies performance, we keep checking the performance of the API division financially and that of the OTC business separately. And I do not think this is healthy. Therefore, we have just, at this point, registered a company in the name of Warren Life Sciences with an intent, possibly, of separating the two businesses. That is it.

Moderator: Thank you. Next question is from the line of Rudraksh Raheja from ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Yes, thank you for the opportunity, madam. My question was about the CAPEX. In the last PPT, we were doing some more CAPEX on the Warren side. What is the nature of that and is that completed now?

Aditi Panandikar: Yes. We were just completing some portion of the API site, I think, finished product site and that is also done.

Rudraksh Raheja: Got it, Madam. And when are we expecting U.S. audit for that API plant?



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- Aditi Panandikar:** I am hoping by 2nd Quarter of next year. We have already filed. We have CEPs also approved. Our DMFs are already in the FDA books and our own formulation team is triggering this. So, we will have to wait and see.
- Rudraksh Raheja:** Got it. And Madam, what would be the revenues in first half for FPP business?
- Aditi Panandikar:** If I am not mistaken, we have done in excess of Rs. 100 crores in FPP.
- Rudraksh Raheja:** Got it. And we have been profitable in this first half, if I am not wrong.
- Aditi Panandikar:** Yes.
- Rudraksh Raheja:** So, madam, what should be the sustainable EBITDA margins and PAT margins for this business going forward?
- Aditi Panandikar:** So, we are not talking of a branded business. You know how the U.S. market is. Of course, we are very selective about the product portfolio. But looking at how things are, we would like to wait and watch. I think we take great pride in the fact that within three years of acquisition, we have been able to turn around FPP. That is good for us. It is also very healthy because feet on ground is always good and we get much better understanding of what is happening there. And we are growing this business and feel very confident going forward also. We will be able to keep this business. We may not grow it too large, but we would like to keep it making decent profit.
- Rudraksh Raheja:** Understood. And any specific headwinds that we are witnessing for this business as of now?
- Aditi Panandikar:** For FPP, not really, the typical regular problems. I do not think we should call them headwinds anymore. They are more like the characteristic of that geography with generics. You know, you consistently see price erosion, you see more competition. But what we do is we try our level best to be vertically integrated on most of the products we supply to US, whether through FPP or otherwise. And that gives us much better ability to live through these times. But other than that, more competition. Yes, but we have a good team which manages to get the right orders. We do a good balance between how much we sell to whom, and we do not just go after the market.
- Rudraksh Raheja:** Got it. And on Warren Remedies side, the initiative would be very helpful for analysts also since API and OTC business are very different. So, what are the current revenues out of these two segments within Warren Remedies?
- Aditi Panandikar:** Our Warren toothpaste division has done around Rs. 36 crores this quarter.
- Rudraksh Raheja:** Okay. And on the API side, madam?



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- Aditi Panandikar:** API is hardly anything. It is mostly internal consumption since we do not have any approvals yet. So, it is starting material, KSM purchased by Patalganga. Anything we sell from here at this stage is going to be at cost or something. So, we do not really manufacture too much. So, right now, we are using this time to take validation batches, move a whole lot of portfolio, create extra capacities for the products we make at Patalganga, and try to bring in more of the KSMs and starting materials for Patalganga which we are making outside.
- Rudraksh Raheja:** Understood madam. And madam, what would be the breakeven level of revenues that we would need here to reach breakeven?
- Aditi Panandikar:** So, that is also a very funny question to answer. I could tell you that for this quarter our toothpaste division has almost broken even. But that is because we probably have slowed down some of the expenditures on advertising. So, this is a business which requires a whole lot of support and funds to create consumer awareness for media, for television, for digital, and for trade marketing. So, all those campaigns are going to come up. So, if I tell you it has broken even now, you will hold me true to it for the next quarter when I would have invested to further my sales and then I will not be able to do that. Like I explained in one of my calls earlier, at least for the first three or four years for such a business we should concentrate on growing sales.
- Rudraksh Raheja:** Understood madam. And madam, hypothetically I think we work on a single shift?
- Aditi Panandikar:** Yes. Our operating expenses at the toothpaste factory are completely under control because we built it in a way with the highest technological kind of addition and we need very few people. We are able to control shifts, we are able to control the number of people. We are also steadily bringing in certain other contract manufacturing income of other cosmetic products that we make for IRL, the parent company. And that remains. But yes, we run it in one shift right now.
- Rudraksh Raheja:** Got it. Madam, I meant across all our plants. I think we operate on a single shift. So, hypothetically, can we add more shifts as in when we require it?
- Aditi Panandikar:** Of course we can. That was the planning.
- Rudraksh Raheja:** Got it. And madam, if all our plants start to work at peak capacities, what would be our revenues look like? I am not asking about any timeline, just a broad...
- Aditi Panandikar:** I mean, see, we are in a business where we make a very commoditized product like Paracetamol and a very, very interesting product like probably one of the suspensions of Ophthalmic. And you really cannot compare this and I cannot give you numbers like that. But still, I think I can tell you very clearly that with this infrastructure, the company can very well go to 4X the kind of topline we are delivering for international.



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- Rudraksh Raheja:** Understood, madam. That was very helpful. And madam, are we on track to repay our debt for this year? The number that we gave earlier.
- Aditi Panandikar:** Yes, very much. We have been repaying also up to now. First half we must have repaid close to Rs. 40-50 crores, about Rs. 50. Rs. 65 crores at consolidated level.
- Moderator:** Thank you. Next question is from the line of Kirtan Donga from Leo Capital. Please go ahead.
- Kirtan Donga:** Madam, for the Goa plant, are we evaluating opportunities to scale up in Europe market or do we want to keep that focused on USA market?
- Aditi Panandikar:** So, as you know, we already have the Europe approval for one of our injectables and Europe has approved the site. Europe always stays an option. But Europe, as you know, is a consolidation of several countries. Each country has a different language and a different need. This can create some complexities when it comes to efficiency. So, comparatively for us, a single US market is much better than the fragmented Europe, which is why we were more keen on US. But yes, depending on how, let us stay positive on US till December at least and see what happens. Meanwhile, as I have said several times over, for our key brands and key products in the US market, we are steadily creating second sites from where we can get products. So, the market share we are getting in the US market does not get impacted.
- Kirtan Donga:** And madam just to confirm, what is the profitability for our OTC brand Sensodent?
- Aditi Panandikar:** Sensodent? Like I said, it depends on how big you want to make Sensodent. So, I think for these products, if you are asking at GC level, then the GC margins are very, very healthy, very good rather, not healthy. Excellent. So, it is up to us how much we are ready to put in in order to get share of the market.
- Kirtan Donga:** Can you give some number, what is the GC margin?
- Aditi Panandikar:** No, I think it is better not to. Let us wait.
- Moderator:** Thank you. Next question is from the line of Kenil Mehta from Boring AMC. Please go ahead.
- Kenil Mehta:** Madam on the -margin side, gross profit margin side, when should we expect this to return to a 68% to 70% level when the entire industry has seen a lower decrease than ourselves? And also due to a backward integration, we are not seeing any impact on the gross profit margin expansion.
- Aditi Panandikar:** So, I think, yes, so Kenil, in this quarter, actually, if you looked at the topline and there has been very good absorption, of course, we are doing much better. Had the post-war kind of increase in



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the cost of goods and freight etc. not come in, we could very well have shown a very good improvement in margin in this quarter itself.

Kenil Mehta: Madam, I was saying on the GC side, gross profit side, when should it return to 68-78% levels? Because on the EBITDA side, there has been a freight cost hike.

Sundeep Bambolkar: So, Kenil, if you see, there is an impact of material cost in gross profit also.

Aditi Panandikar: Yes. I mean, otherwise, the GCs were right. As we correctly said, this quarter, our GCs have got impacted to the extent of almost 30% increase in COGS, RMPM, and freight and other handling, solvents, etc.

Kenil Mehta: Okay. And madam, can you quantify the MMP savings annually? And what will be the incremental EBITDA for every incremental Rs. 1 of revenue or Rs. 100 crores of revenue addition from this?

Aditi Panandikar: It is very foolish in these times to make any of these comments. For example, all the MMP work we did, which should have resulted in positive, and then one impact of an external environment, it again gets washed out. So, there are many things to this. The product mix, the macroeconomic factors, order positions, the consistency of product mix. So, I think it is very difficult to generalize. But please stay assured that the MMP work we have done is what is, for one thing, I can assure you, for a lesser number of batches, we are getting more product today. We just have to wait for this cycle, I guess, to ease out. And we have, because of the filings we have done, our future portfolio is definitely much healthier. So, I think all this work that we have done will incrementally help us increase our margins, especially for Europe and UK.

Kenil Mehta: So, can you quantify the number of launches we will be doing in the next few quarters?

Aditi Panandikar: Not at this stage.

Kenil Mehta: And madam, what was the reason for drastic improvement in FPP profitability? Was it due to some new product launches, first-to-file or it was a normal me-too generic segment which had high volume?

Aditi Panandikar: So, we have been consistently able to supply product to FPP. So, ever since the acquisition of FPP, we have gone through our own cycles of ability to supply consistently product from Goa 2. Our de-risking Goa 2 with other sites has helped us keep a steady state product supply to FPP. In addition to that, the team at FPP also is much better coordinated today with, it is much better planning coordination. And we run a very light shift in US. So, if we are able to, it is also a matter of size. The minute your business gets to a particular size in US, you are able to generate profits.



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- Kenil Mehta:** Understood. And then on the cash flow side, our H1 entire cash flow was Rs. 50 crores excluding the exception gains. And our CAPEX was Rs. 60 crores. So, should we expect the cash flow in second half to increase as we release our working capital, which was stuck in the H1?
- Aditi Panandikar:** I think Pramod already explained about what appears as capital expenditure, your assessment, what it is. Yes, Pramod, do you want to?
- Pramod Ghorpade:** We do not expect major CAPEX spend now, not only for remaining second half, but even next year also.
- Kenil Mehta:** Understood. And so, the cash flow should improve drastically if we compare our EBITDA. Our EBITDA was Rs. 80 crores and our OCF was Rs. 50 crores. So, technically we are at 60-65% OCF to EBITDA conversion. Compared to earlier time, it was 75-90% range. So, should we see increase in cash flow?
- Pramod Ghorpade:** Yes, we are working towards that. Yes.
- Moderator:** Thank you. Next question is from the line of Janish Shah, an individual investor. Please go ahead.
- Janish Shah:** So, just I have a couple of questions. Basically, I have been little new to the company. I am trying to understand the turnaround of the company. In the consolidation, basically, there are a number of businesses especially in export and domestic. And in exports, you are more tilted towards Europe and UK. And the US has been the market where you are still trying to catch up. In terms of like, I understand you have been trying to improve the efficiency and trying to improve the margins. And as we grow the revenue, that phenomenon will start kicking in. Leaving aside that recent troubles, which I think the entire world is facing with regard to the supply chain. But if you were to look at the margin profile, how do you see the current margin? You can just give a little bit of an understanding as to how the domestic business has been in terms of the margin and especially on the international side, which are the geographies where the margin breaks up, if you can give us a bit of an understanding and where the trajectory you are looking at, given the new products which are there in the pipeline. And that will help us in understanding because we see there is a huge investment you have made in the fixed assets, but you are not yet fully utilized. And as you mentioned that the current setup can generate 4X the revenue. So, it looks like we are in a very high expense, when already build up the expenses, which were optimum, but the revenue kick-ins are not happening. So, just trying to understand the current margins and how does the trajectory keep moving as we go ahead with the kind of a growth which will ensue?
- Aditi Panandikar:** So, thank you. Very long question. I do not know if I can actually answer your question completely, but I can definitely give you a lot of information based on which you could then assess. So, very clearly you started with margins on businesses and you are new to the company.

So, we play in the branded markets, in branded generics or value-added generics in India and emerging, that is Africa, Southeast Asia, some of CIS etc. We are in the pure generics market for the regulated countries. So, these are very different businesses. In India, profitability is largely a function of many things, including the return per man in the field, the price and whether you are in acute or chronic or subchronic and stuff like that, and whether you are in the growing segments or not. If you are looking at the generics pie, then obviously at simple contract manufacturing, we should make the least margins. And wherever there is development followed by manufacturing, I guess through milestones etc., and depending on products mix, you can increase the margins. So, historically, the company has been investing in research over a consistent manner for almost a decade. And out of that, today we have to show several products, several ANDAs already filed in US, several dossiers filed in Europe. And when I said earlier, if you look at Europe-UK business, for example, today, it is very heavily skewed towards pure contract manufacturing. Whereas the very interesting products portfolio are the products which we had filed, where we were first to file and for which probably the patents will start coming off in the next couple of years. When this product mix starts coming into our manufacturing sites, obviously, the return per unit manufactured will be much higher. In India, we are trying to increase the efficiency of our people so that the per man return goes up. But our business is very fundamentally dependent on the kind of prescriptions we generate from the doctors. For example, I spoke of a product called Cyclopam, which crossed 200 crore this year. And if it has grown by, say, 20%, and it is a kind of product where after the first prescription, probably the patient goes back to get more, then our prescriptions are also growing at 16% plus. So, we do not depend only on the push. Strategically, we try to create demand for our products through prescriptions. In that way, our India business is very steady. This time, unfortunately, three of our top brands had to face a very huge upfront because of the headwinds that got created because of an almost absent monsoon. So, that impacted us in India. Internationally, with the Solid Oral business, we are doing very well. Increasingly, we have been able to supply product better, both to the US and Europe. And I think, does that answer your question? And roughly, so you can understand, 55% of the topline comes from selling branded products in India. Another 10% from API, and the remaining 2-3% from our services. But the rest of 30%-35% is all from red markets.

Janish Shah:

Yes. But how are the margin profiles, I mean, saying in the domestic business, generally, which is, I mean, you have a good brand, but I am saying on the internet, when we are looking at a consolidation, we get a consolidation picture, but it is very difficult to segregate the margin profile in both sides.

Aditi Panandikar:

Because the businesses are very different, right? You obviously cannot have the brand-like margins when you do contract manufacturing of generics. But the kind of volume growth, you can show with generic manufacturing for the red markets, that you cannot create even with prescriptions. So, your prescription, it is impossible to show a 50%-60% growth in prescription on a big brand like Cyclopam. When it grows by 16% in prescriptions, that itself is huge. Today, in every 4 minutes, one prescription is generated for Cyclopam. I could try to make it two, but



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that is it. But a great contract on a new launch in US or Europe can fundamentally give the company a huge pickup through volume and value both. But I cannot promise the same kind of margins that we have in India. So, it is complicated, but you will figure it out.

Moderator: Thank you. Next question is from the line of Zain from Dolat Capital. Please go ahead.

Zain: Thank you for the opportunity, madam. My first question is on domestic business. In the last quarter, you have guided for high single to double-digit growth for FY27. So, do you think to maintain this growth guidance or will you have to revise it? And what will drive this in the second half of FY27?

Aditi Panandikar: Yes. So, I am expecting a more predictable sales in the second half. Also, this growth is back of divestment of the Ophthal portfolio, which we did not realize. So, we had as per IQVIA, we are close to 65 crore in Ophthal, which is there in the last year's base, which is missing here. So, about revising, I hope none of my sales people are logged in on the call because that is not a good thing if I have to revise my guidance on India growth. But look, Cyclopam is growing by 30%, Cital is growing by 30%, Febrex Plus is down by 20%, ATM is down by 16%. It is a bit silly, right? If the rains had come, I would have been doing better than the guidance I gave you. So, let us stay positive for the rest of the year and not unnecessarily anticipate that we cannot do our numbers. High single-digit is what I had promised. We are going to work very hard for it. Let us work for it and see.

Zain: Okay madam. And second is on guidance for export business, if you would like to give any number.

Aditi Panandikar: So, like I said, in this quarter, our reg market has grown by 20%. Our emerging unfortunately is lagging because of which the total growth is coming to 12%. And for the first half, we have shown almost 8% growth. But I feel this business, typically as the year progresses, especially the fourth quarter is very good for emerging. So, we are able to do a catch-up. And I feel this business will definitely go to a good, decent double-digit, if not more.

Zain: Okay. And then, any guidance for emerging because it declined in the first half?

Aditi Panandikar: We had promised to do close to... Yes, I will repeat that. Almost 10 crores of Ophthal business is not there because it has gone out. If you add that back, there is no decline. There is growth. So, yes, but agreed that we have sold that business and now we will earn only in terms of giving marketing services and that will come later. So, that revenue is not seen here much. So, this year probably that impact of close to Rs. 10 to Rs. 12 crores of Ophthal business will remain on emerging. But having said that, the other businesses within emerging markets where we have feet on the ground, that is French West Africa, we are actually doing very well. We are growing at higher double-digit. There have been some concerns with the rest of the markets and I feel confident we will be able to improve in the second half.



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- Zain:** So, do you think emerging markets will sustain this growth? LATAM growth of 57% and all?
- Aditi Panandikar:** Yes, with LATAM, etc. Yes. Considering that these are potentially the fastest growing markets, they offer the best potential for us if we are playing there and I feel confident that we will be able to deliver.
- Zain:** And then in domestic, what is your MR productivity in headcount?
- Aditi Panandikar:** Right now, our MR productivity has gone to around 3.25, if I am not mistaken. Average. 3.3, sorry.
- Zain:** This is the productivity, right for H1?
- Aditi Panandikar:** PHY, yes, per head yield.
- Zain:** And last question, any guidance for R&D and CAPEX?
- Aditi Panandikar:** Like we said, CAPEX will be at bare minimum. R&D also, we are doing a great job still of controlling the number of projects we are picking up so that we can work in a focused manner and deliver more. And we had said that it will not go above 5% of topline. I think on YTD basis, we are at 4%, which is, that is being managed very well and not without compromising any of the opportunity.
- Moderator:** Thank you. Next question is from the line of Hardik Jatheliya from Ardeko PMS. Please go ahead.
- Hardik Jatheliya:** Yes, thanks for the opportunity. Yes. So, just one question on the Warren business. So, let us say the oral care business roughly budgeted 36 crore for the quarter and assuming that the API sales were not much. So, let us say the sales have only gone from 34 to 36 and we have reduced our ad expense, but the losses have just curtailed by 1 crore. So, two questions on this part. What explains this? And incrementally, if you look at from the capital allocation front, from management perspective, how are they looking at the situation from next 6 to 12 months considering that we are losing Rs. 18 crores every quarter? Just wanted to know your thoughts on that.
- Aditi Panandikar:** On Warren Remedies, you mean? Okay. So, Warren API business is the one which is creating more erosion. Like I said, the toothpaste business is almost breaking even right now without further spend. I said further spend, but you do see our amount, I think for the half year we have almost Rs. 16 crore has been spent. So, these are cycles. So, this is something we probably we spent last year, but it is getting accounted here. Possibly because of the longer campaigns that we run. So, when I said that we are not doing more, that does not mean we are not having any promotional expenditure. I am saying it is not requisite to what my marketing team wants. They



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probably wanted us to do much more. So, that is what is being controlled. Just for you to know Sensodyne, which is the number one brand in this category, has almost Rs. 350 crore of ad budget. So, that is our challenge. We do not intend to spend that much ever. But I expect that with the right and strategic investment in our trade marketing, in digital marketing, and as we wait for our product to get available across more than where we are available. Today, 90% of our presence is in the chemist stores. We have a few grocers, we have some in modern trade. As we increase grocers, as we increase modern trade, as we add quick commerce, e-commerce, we should be able to do better on the toothpaste front. Does that answer your question?

Hardik Jatheliya: Sure. So, just to understand the losses for the business will be reduced once we get our API utilization up.

Aditi Panandikar: Yes, certainly. That is the best way to answer.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference back to the management for closing comments.

Aditi Panandikar: Thank you everyone for your very, very interesting questions. I hope we have been able to answer all your queries. Thank you very much for joining us today and look forward to interacting with you in the future. Thank you.

Moderator: Thank you very much, madam. On behalf of Dolat Capital, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.