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To,
The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Symbol: AKUMS

To,
The Listing Department
BSE Limited
25th Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Scrip Code: 544222

Sub: Transcript of the Earning/ Quarterly Conference Call on the unaudited financial results for the quarter and half year ended on September 30, 2026.

Respected Sir/Ma'am,

Pursuant to Regulation 30 read with Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earning/ Quarterly Conference Call held on Tuesday, November 03, 2026 at 12:00 P.M. (IST) on the un-audited financial results of Akums Drugs and Pharmaceuticals Limited **("the Company")** for the quarter and half year ended on September 30, 2026.

The said transcript is also available on the Company's website at https://www.akums.in/investors/investors-meet/

This is for your kind information and records.

Thanking You

Yours Faithfully
For **Akums Drugs and Pharmaceuticals Limited**

Dharamvir Malik
Digitally signed by Dharamvir Malik
Date: 2026.11.05 14:52:44 +05'30'

Dharamvir Malik
Company Secretary & Compliance Officer

Encl.: As above

"Akums Drugs & Pharmaceuticals Limited

Q2 FY27 Earning Conference Call"

November 03, 2026

MANAGEMENT: **MR. SANJEEV JAIN – MANAGING DIRECTOR – AKUMS DRUGS & PHARMACEUTICALS LIMITED**
MR. SANDEEP JAIN – MANAGING DIRECTOR – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. SUMEET SOOD – CHIEF FINANCIAL OFFICER – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. DAVINDER DOGRA – DEPUTY CHIEF FINANCIAL OFFICER – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. SAHIL MAHESHWARI – HEAD, STRATEGY – AKUMS DRUGS & PHARMACEUTICALS LIMITED
MR. ANKIT JAIN – HEAD, INVESTOR RELATIONS – AKUMS DRUGS & PHARMACEUTICALS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Akums Drugs and Pharmaceuticals Limited Q2 FY27 Earning Conference Call. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankit Jain from Akums. Thank you and over to you, sir.

Ankit Jain: Good afternoon, everyone. Thank you, Swapnali, for introducing me. Welcome, everyone, to Akums Q2 FY27 Earnings Call. I am Ankit Jain and I Head Investor Relations at Akums Drugs and Pharmaceuticals Limited. On today's call, we are joined by Mr. Sanjeev Jain, Managing Director; Mr. Sandeep Jain, Managing Director; Mr. Sumeet Sood, CFO; Mr. Davinder Dogra, Deputy CFO; and Mr. Sahil Maheshwari, Head, Strategy.

I will commence with our standard disclaimer that any discussion on today's call might include certain forward-looking statements, which are predictions or projections of future events. Our businesses face several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied in such statements.

At Akums, we do not undertake any obligation to publicly update any forward-looking statements whether as a result of any new information, future events or otherwise. I hope you've had the opportunity to go through our financial results and review our investor presentation that were shared yesterday.

I would now like to hand over the call to our Managing Director, Mr. Sandeep Jain, to discuss our performance. Thank you.

Sandeep Jain: Thank you, Ankit. Namaste, everyone, and thank you for joining us today for our Q2 FY27 and H1 FY27 earnings call. I am pleased to announce another quarter of strong performance by Akums, one of the world's leading pharmaceutical CDMO. The performance was driven by double-digit volume growth during the quarter. The revenue grew by more than 30% on year-on-year basis and EBITDA more than doubled during the corresponding period.

Even sequentially, the quarter-on-quarter revenue growth stood at an impressive 15% and EBITDA increased by 11.5%. Led by strong order book and improved utilization of newer facilities, the CDMO business achieved a volume growth of more than 20% on September net MAT basis showcasing increasing penetration of our offering within the India pharma market.

The improved performance is also an indicator of our resilience during times of global headwinds and geopolitical uncertainties. While the availability and the prices of input materials remain volatile, the demand outlook for CDMO remains strong. We today operate at healthy utilization levels of above 50%.

During the quarter, we successfully integrated the 2 manufacturing plants acquired from Oriflame. With this, we have strengthened our beauty and personal care play as a fast-growing category in India. To cater to growing demand, we will operationalize a new facility at Baddi.

The plant will have oral solids in Phase 1 with an annual capacity of over 6 billion units, which will fully operationalize by Q1 FY28.

With this plant, we will have 2 plants in Baddi in line with our stated objectives of geographical diversification. We remain steadfast on expanding as well as deepening our global footprints with special emphasis on regulated market.

We have 2 products approved in Europe, 8 filed and over 30 in R&D, which we expect to commercialize over next 3-4 years. Our 2 facilities are EU-GMP certified and few more are in the pipeline. Our European CDMO project is progressing as per our stated plans with supplies commencing in FY28.

Our JV with the Zambia government is also progressing smoothly with commercial supplies from the Indian plant scheduled during Q4 FY27 and considering the prolonged shipping time to Zambia, we expect to book revenues during Q1 FY28.

The process for setting up the plant in the Zambia is well underway with technical discussions already complete. The plant is expected to become operational in 2029, expanding our manufacturing presence outside India.

Our domestic branded formulations segment had a steady quarter with 8% year-on-year growth in revenue and improvement in profitability on a sequential basis. We expect the segment to deliver growth on par with IPM by FY28 as the current initiatives start bearing fruits.

Our international branded formulations business saw growth accelerating both on year-on-year and quarter-on-quarter basis. It is expected to maintain this momentum going forward in the year and will be key engine to drive Akums' growth.

API segment continued on its journey towards becoming EBITDA breakeven as our endeavor continued. The trade generics segment remained EBITDA positive during the quarter with the third straight quarter of achieving profitability.

Sustainability is core to Akums in whatever we do. We are proud to announce that our company has an EcoVadis Bronze medal. We are on our journey to be amongst the top global companies focused on environment, labor rights, ethics and sustainability. We also won the Water Management Champion Award by CII for green practices.

We also successfully transitioned to S/4HANA this quarter. This will provide real-time analytics across key business performances indicators.

With number of initiatives underway, we remain confident in our ability to create long-term shareholder value and delivering positive results.

I shall now request our CFO, Mr. Sumeet Sood, to take you through the detailed financials for the quarter. Over to you, Mr. Sumeet.

Sumeet Sood: Thank you, sir. Thank you very much. Good afternoon, everyone. I'm pleased to present the financial highlights for the quarter 30th September 2026.

Revenue on a consolidated basis stood at INR1,342 crores; an increase of 31.9% year-on-year, Q 2 FY26 it was INR 1,018 crores and an increase of 15.1% quarter-on-quarter, Q1 FY27 it was INR 1,167 crores.

EBITDA for the quarter stood at a healthy INR195 crores; a multi fold increase of 106% year-on-year, Q2 FY26 was INR94 crores and an increase of 11.5% quarter-on-quarter, Q1 FY27 was INR175 crores.

Margins were healthy at 14.5% as against 9.3% in Q2 FY26 and 15% in Q1 FY27. EBITDA with other income stood at INR224 crores, an increase of 76.3% year-on-year and an increase of 9.1% quarter-on-quarter.

Profit after tax stood at INR115 crores; an increase of 168.3% year-on-year, Q2 FY26, it was INR43 crores and an increase of 13.5% quarter-on-quarter, Q1 FY27 it stood at INR101 crores. If we come to the segment-wise performance if we look at the CDMO revenue, it stood at INR1,115 crores, an increase of 38.6% year-on-year and an increase of 15.6% quarter-on-quarter.

The revenue growth, as explained by Sandeep ji, was largely driven by a healthy increase in volumes. EBITDA for the quarter for this business stood at INR168 crores; an increase of 99.6% year-on-year, for the Q2 FY26 it was at INR84 crores and an increase of 2.9% quarter-on-quarter, Q1 FY27 it stood at INR163 crores.

Domestic branded formulations revenue stood at INR132 crores, an increase of 8.2% year-on-year and an increase of 14.4% quarter-on-quarter. EBITDA for the quarter stood at INR24 crores; a decline of 8.9% year-on-year, Q2 FY26 it was INR26 crores and an increase of 103% quarter-on-quarter, Q1 FY27 it was INR12 crores.

For the international branded formulation, revenue stood at INR44 crores; an increase of 95.2% year-on-year, quarter 2 FY26 it stood at INR22 crores and an increase of 26.7% quarter-on-quarter, Q1 FY27 it was INR35 crores. EBITDA for the quarter was at INR9.9 crores, an increase of 80.5% year-on-year and an increase of 43.8% quarter-on-quarter.

If we look at the API, the revenue stood at INR29 crores; a decrease of 35.3% year-on-year, Q2 FY26 it was INR44 crores and a decline of 9.1% quarter-on-quarter, Q1 FY27 it stood at INR32 crores. EBITDA loss was slightly higher on this quarter, which is INR 5.7 crores while significantly lower than Q2 FY26 INR14 crores, however, higher than Q1 FY27 at INR3.9 crores.

We continue to focus on higher gross margin products and expect the full year losses to be lower than last year. If we come to the trade generic business, the revenue stood at INR23 crores, a decrease of 5.4% year-on-year and an increase of 10.1% quarter-on-quarter. EBITDA for the quarter stood at INR1.2 crores.

Our balance sheet continues to remain healthy and cash and cash equivalent as has been constantly increasing stands at INR1,680 crores. The company had a free cash flow for H1 of INR45.5 crores after account for business acquisition driven by healthy operating cash flow to

EBITDA at a ratio of 69.2%. Based on the above, we conclude the financial highlights for the quarter.

We would request the moderator to open the forum for question-and-answer session. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. We have the first question from the line of Saksham Tyagi from Desvelado Advisory.

Saksham Tyagi: So, my first question was that I just wanted an update on the Europe and Zambia business like how is it going and where do we stand currently? In the previous con call, you mentioned that you expect the Zambia business to deliver a revenue of $25 million. So, I just wanted to know what's the progress so far on that?

Sahil Maheshwari: Sure. So, this is Sahil, Saksham. So both the businesses, as we have been telling, both are businesses which are well with us. These are confirmed businesses. I'll first take Zambia because that is closer to delivery.

So, post the midyear elections for the President where the current regime was re-elected. Soon after it, we went into discussing the purchase order and we have now received the purchase orders. We are in process of now supplying the purchase orders, which we think post the manufacturing lead time, we should be able to supply them in Q4.

Since this like most of our CDMO is ex works. So in our factory once it leaves our warehouse, we book the revenue ex works. Here we have to deliver at Lusaka warehouse of the Zambian government. So that shipping time lines from Haridwar from where we'll mostly manufacture to Lusaka in Zambia is roughly 100 and 120 days.

So while we will dispatch the goods in Q4, which will be as a goods in transit in our financial accounts, we'll be able to book the revenue once we have a delivery, which will be in Q1. So, the business is, as you rightly said, $25 million fully intact with a margin profile which are slightly better than our CDMO margins.

So that all remains consistent. And subsequently when we deliver this, we will again have a discussion on another $25 million round of supplies committed by the Government of Zambia. So that's on the Zambia business. On the European business, as we said, we have compiled the dossier.

The dossier has been filed. While it is up to the regulator, we believe that it could take 1 or 2 quarters by the time we receive the approval of the dossier. The plant has been already approved from where we do the commercial supplies.

So, once we have it, the dossier approved by the European authorities, we will go to our partner and then get the purchase orders for it. So maybe in 1 quarter time, we'll be in a better position to tell you on when we start the supplies for the Europe. But as I said, both of these businesses are confirmed well within our reach.

Saksham Tyagi: Okay, sir. Understood. And sir, my second question is on the setting up of Baddi facility. Like what's the current status and how much capex is it going to take to establish this facility?

Sahil Maheshwari: Sure. So Baddi, which is a second plant in Baddi, which the MD sir also mentioned in his opening remarks. So, this is a large facility, which will commission. So, in the Phase 1 of it, we will start with oral solids. So, this will be 6 billion tablets. So, we largely have 50 billion, 51 billion annual capacity.

So, this is 6 billion on top of it, which is oral solids, which we'll have across various forms of tablets. Then we'll have another phase of it, which will contribute another 6 billion-odd tablets from it. So, we'll have roughly 12 billion tablets from this facility. Apart from this, we are also planning some other dosage forms within this facility itself.

So, as I said, this is a large facility, the Phase 1 of which will be operational in the next 3, 4 months. Subsequently the other phases of this. So broadly, this is what we'll do. On the capex, as we mature the facility, we will let you know. But broadly what we have seen is our capex is -- usually what we do observe in oral solids, we usually have 3x the turn in our gross block for the revenue.

Saksham Tyagi: Okay, sir. And how are you planning to fund that? Like is it going to get funded internally or you are trying to raise debt for that?

Sumeet Sood: So we have the flexibility of raising debt and we have our own funds. I mentioned during our presentation that the company sits on a healthy free cash flow. We will weigh our options of what is more beneficial. If the loans are available at lower the cost of our investment, we'll take loans. Otherwise, we'll liquidate our investment.

Saksham Tyagi: Okay, sir. Understood, sir. And lastly, I just wanted to get an update on the API segment since its contribution to the overall revenue is just 2.1%. So how are we planning to improve that and by when can we expect to see a growth in that contribution?

Sahil Maheshwari: Sure. So I think as we said, so one is percent of revenue to the overall business. So while the CDMO is a fast growing, we have seen 20% volume growth over 4 quarters now. The coming quarters also look healthy and encouraging. And then we'll have Zambia, then we'll have Europe, then all the efforts on the European.

So can the percentage of API in the overall scheme of things dramatically move up? Not in the near term. The focus of the management over there is how do we curtail the losses and by which, we are meaningfully driving it with improvement of our product mix as well as by product mix, I mean removing products which have low gross margins and focusing on general products which have better gross margins.

And secondly, also the geographies which we sell. Today, almost 90%, 92% of our revenue comes from the Indian markets. We have 2 CEPs which are approved, 2 more CEPs are in pipeline. Also, we have our EDQM, which is a European audit, which we conducted, for which we expect to receive an approval.

So all of those things will help us diversify the products as well as diversify the geographies. So, based upon which we see that in the next few quarters, we should achieve a breakeven in this segment.

Saksham Tyagi: Okay. So do we have any rough time line by when we can expect that there's an improvement of contribution of this API segment?

Sahil Maheshwari: So no time lines as of now. I think consistently around you've seen the numbers, roughly INR5 crores plus/minus INR1 crores is roughly what we bleed as on today. But the endeavour is that over the next 3, 4 quarters, we should be breakeven in this segment.

Moderator: We have the next question from the line of Abhi Jain from AJ Capital.

Abhi Jain: Congratulations on a good set of numbers, sir. My first question is that just in terms of the H1 FY27 revenue and EBITDA, I wanted to understand what part of it was recognized against the $100 million advance that you have, including product development revenue under the input method? And what will the cash and noncash split of European revenue be like in between FY28 to FY30 when the revenue realization starts coming in from this business?

Sumeet Sood: So, let's first come to the accounting for the European contract. So, the revenue recognition starts happening at the time when we have the dossier approval. So typically, if the plants are approved and the dossier is approved, then the revenue gets recognized. The preparation for this is the capital investment in the plant, trying to do the work at the R&D centres to have a quality product and then you start revenue recognition once you have your plants ready.

Now this will more be a composite accounting because you'll first have to look at how much is already spent on those endeavours and then how do you spread it over the contract period. This is slightly complex because you're also earning interest on the money that you've got. While you see in our balance sheet, there's a notional interest cost also.

So largely, the revenue starts kicking in mostly from the time when you start supplying and the revenue gets recognized at the time when you get your approval. So, you will probably see an abnormal revenue coming when you get your plant approval. So typically, that's how the revenue recognition will happen. So, if you have anything else, I'm happy to answer.

Abhi Jain: All right. No. So just building on that. So as of now in the H1 figures, we don't see any impact of this account in the P&L?

Sumeet Sood: I said there's nothing that's built on that front.

Abhi Jain: All right. Okay. So, all of that is sitting in the balance sheet I'm assuming right now. My second question builds on that only that the interest income is about 20% of the PBT and I think it sits on the advance. So, what happens to other income and to OCF as the deposits are used FY28 onwards and this commercialization starts kicking in and coming in the P&L?

Sumeet Sood: So, what typically happens is that because you've got an advance so the advance will be proportionately used over the contract period. Let's say if the contract is for 60 months, so you

will probably have the advance, which is the 80 million which is left of the first 20 million, that will probably get set off and the remaining money will start coming in with the supplies. So, this has to be proportionately done. As I said, it's a detailed working. Once we have the approvals, we'll have those clearly spelt out in the notes of the balance sheet that we will have.

Abhi Jain: Right, sir. No, I understand that. Lastly, sir, just a hygiene question. Just wanted some update from the management on this 158BC show cause notice that was there for the FY19 to 25-year period. Any update that you can provide to the investors and potential investors about what amount is in dispute and have you made any provision in the balance sheet for that?

Sumeet Sood: No. So, this is the NPPA disclosure that we made is what you're talking about, right? So, if you look at the disclosure, we've clearly mentioned that we are doing job work for a marketing company. And in the disclosure, we've clearly mentioned that the contract with that company states that anything that comes, which is on account of NBP or others, is not our liability.

So, because the way the notice was issued both to us and them, as per the LODR, we are supposed to make a disclosure. So, we do not have any financial liability. It's clearly mentioned over there.

Abhi Jain: All right. So, no provisioning.

Sumeet Sood: No provisioning. No, nothing at all, sir. Nothing at all.

Moderator: We have the next question from the line of Meet Bhuva from Entigrity Ventures & Partnerships.

Meet Bhuva: I have a couple of questions. My first question is on the capex plans of the company. So can you please give some numbers on how much capex we will be doing in the next 3 years annually?

Sumeet Sood: So, the historic numbers are there in the financials. But for H1, because as Sahil was just mentioning and Sandeep-ji mentioned about the Oriflame acquisition, and there has been an investment in the Baddi plant of around INR43-odd crores. Oriflame deal, which was in the public domain, was of around INR56 crores.

So for this quarter, as I mentioned, there is an investment of INR210 crores. H1 total is INR210 crores that we made. So we historically have been around a number of close to INR300-odd crores. We see this slightly higher this time because we are operationalising Baddi and we've acquired this plant.

And there may be some small investments further required at some of our plants as I keep mentioning that on a gross block of INR2,400 crores, if we are spending 5% on the maintenance capex, INR100 crores gets into the plants. And there has been a small investment in our Hana also. So that's about it.

Meet Bhuva: Got it. On the growth side of domestic branded and international branded, do you guide any growth numbers for the coming years and the margin size?

Sahil Maheshwari: So, while we don't specifically call out any guidance on any of our business verticals, but the general tone is both of the businesses are performing fine. You have the international business

segment, which is one of our focused business segments as we diversify from Indian markets not just in the core geographies which we are currently present, which is Africa and Southeast Asia.

The intent is can we also move beyond into the further regulated markets across Latin America, Middle East as well as Europe. So, this is a business which we continue to do and it's a high EBITDA business which we do.

The second is the domestic branded business where we today are largely strong in gynaecology followed by cardiology. So these are the 2 business segments that we focus on. We today have almost 1,600 people on ground. We recently added people as we mentioned in our last call.

So we have grown roughly 8% year-on-year in this business and the endeavour is how can we maintain an 8% to 10% growth in this business as well with continued improvements in PCPM and profitability. So this is how we look at these 2 businesses, which form integral core part of our Akums Group, which have a better EBITDA profile than the core manufacturing business.

Moderator: We have the next question from the line of Divya Daga from Vijit Global Securities.

Divya Daga: I have couple of questions. First, can I know the contribution in revenue and PAT from Oriflame?

Sahil Maheshwari: Sure. So, let me explain this. So Oriflame, we bought it at around INR56 crores. This is again, as I was mentioning to an earlier question, we expect that peak should deliver a 3x revenue for us. As we said, we are entering into color cosmetics so we are building up revenues.

We also have some existing manufacturing revenues that would also come in from Oriflame. So, this year largely is a period where we will build upon customers and revenue and gradually this business in couple of years should start meaningfully contributing.

Divya Daga: What was the contribution on PAT level from Oriflame?

Sahil Maheshwari: Negligible.

Divya Daga: Okay. My next question is as our Baddi facility capex happens, I want to know how much contribution in top line will be there from it and when will it start?

Sahil Maheshwari: So Baddi, as I said, we'll gradually in 3 phases operationalize this facility. If we speak about it, this facility should deliver at least 10% to 15% of our CDMO business in 3 years from now. So this is how we look at this business.

Divya Daga: Okay. And my last question is as I can see throughout con calls, there is some delay in Zambia's execution I guess?

Sahil Maheshwari: So execution is on track. This is what we are mentioning is since there were midyear regular elections for the President's post, which you would understand we could only get a government contract post which. So then it was extensively fast track. We received -- discussed, negotiated the purchase orders, the quantities, the pricing. Post which, we have now received it.

It is within our bag. We are in process of like procuring the raw materials and manufacturing it, which will take 3-odd months for us to do. And once we do it, we'll ship it which will again take 3 to 4 months. So, we'll dispatch it in Q4, book revenues in Q1.

Divya Daga: Okay. So is there any target for this year's top line? How much are we going to?

Sahil Maheshwari: As we mentioned, this year we don't expect top lines from Zambia to come.

Divya Daga: Of course. But in general, overall top lines?

Sahil Maheshwari: No, we don't give very specific guidance on this. The business remains healthy as we have discussed all the business segments. So, the businesses remain healthy across all.

Moderator: We will take the next question from the line of Vansh Gupta from Prescient Capital.

Vansh Gupta: Congrats on great set of numbers, sir. Couple of questions from my end. I see that our CDMO revenue has gotten a revival since the last 2 or 3 quarters. I just wanted to get an understanding of which therapeutic areas specifically has been driving this growth for ours? I mean is our portfolio tilted heavily towards anti-infectives, cardiac segment? If you could share some light on that, please?

Sahil Maheshwari: So correct, it's been performing well for the 4 quarters now. So, on the therapy segment, we are largely a contract manufacturer so what matters to us is whether it's an injectable, is it a vial, is it a tablet, is it an oral liquid? Therapy has little meaning for us in one sense. Also, since we almost have a 10%, 11% market share within the Indian market as an overall so we broadly mimic the market in a way.

So our large contribution would be therapies which are large in the Indian market only and similarly would be our contribution across the unit dosage forms. So, to answer your question, we don't have any tilt towards any therapy, skewed towards any dosage forms. We largely have fair share as it is there in the Indian market.

Vansh Gupta: Understood, sir. And is there any specific tailwind that's helping us increase the volumes in our CDMO business for the last 2, 3 quarters? I understand that of course the IPM has been growing well as well. We've had record volume growth this quarter. So I just wanted to get some understanding on what is driving the volume growth in our CDMO business?

Sahil Maheshwari: So while we did a deep analysis into this for the last 4 quarters, year-on-year we have been for every quarter delivering almost a 20% volume growth now. So this is across existing as well as new customers, existing also are running well. This is across our prescription-oriented customers, our private label customers, regional customers.

So this is something which is as a basket in the whole IPM, we are seeing a growth. On top of it since we have added cosmetics, our nutra facility is also there. So beyond pharma as well, we would soon show growth. So that's what I wish to submit.

Vansh Gupta: Got it, sir. And sir, for our domestic branded formulation business, I believe we've been guiding for about double-digit volume growth for the past 2 or 3 quarters. However, when we look at our top line growth in the segment, it's been about 7%, 8% for the past 2 quarters.

Are we facing any challenges or headwinds that are preventing us from growing in double digits? And also if you can share the current PCPM of your domestic branded businesses sales force, that will be great, sir?

Sahil Maheshwari: Sure. So once maybe we always would have guided volumes on our CDMO business. Individually for marketing business, we don't guide volume growth. But you're right, our growth has been a single high digit 8%-odd that we do. This is what we think will remain as we speak near to the IPM is what we think our volume growth will be.

Specifically, on PCPM, PCPM is roughly 2.5 for us. As I said, we have gynae, which is our most important therapy; almost 40%, 45% of our revenues come from gynae where we have 3 divisions, which are mature divisions where the PCPM is almost above 3.2. Then we have cardio, which is our large division.

As I said, had 200 new field force members joining us in Q1, which have dragged the overall Akumentis PCPM down to 2.5. But the endeavor obviously remains how do we have a better physician connect, launch better products in the market. And subsequently, as the divisions mature, how can we achieve a PCPM above 3.

Vansh Gupta: And sir, have we seen any improvement in our PCPM sequentially for the last 2 and 3 quarters?

Sahil Maheshwari: So as I said, we have had new 200-odd folks, which has temporarily resulted in a dip, but the mature division still operate at a PCPM above 3, which over the last 3, 4 years has meaningfully increased. If you would go through it, has sizably increased.

Vansh Gupta: Understood, sir. And also, sir, in the prior quarters, we had discussed that we were working on some first to launch products. Is there any update on the same?

Sahil Maheshwari: So you said fast launch products.

Vansh Gupta: First to launch in some new markets.

Sahil Maheshwari: So these are within the CDMO businesses as we would have communicated. We have DCGI approvals. So we usually get almost 2 to 3 DCGIs every month, which takes our tally to almost 30-odd DCGIs annually.

So these are the products which are early in the market, maybe first, second order there in the market who would have received it and that always remains our focus. R&D, if you see, is upward of 3% of our CDMO revenues investment, which flows into -- a part of it flows into these new launches.

Moderator: We have the next question from the line of Axay Shah from VVD Asset Managers.

Axay Shah: Heartiest congratulation for excellent execution in CDMO business, sir. Sir, my question is that can you give some highlights on how the API prices are moving right now and how is it expected to move in next 6 months?

Sahil Maheshwari: Sure. So API prices have gone up. If you really look at it quarter-on-quarter, these have moved roughly 2% to 3%. While if we compare it to last quarter 2 FY26, these would have moved up by 5% to 7% as a basket. So this is on the API prices.

While one can only guess, these are mostly traded as commodities and extensively depend upon the input material cost, which is basic materials and KSMs and also depend on husk and solvents. So these prices have also gone up dramatically.

We expect there should be some slight upward movements only in the API prices at least in this quarter and that's how to view the 2, 3 months. Subsequently, we'll see how the quarter 4 or January onwards the pricing will look. But as of now, this is on a slight upward trajectory only.

Axay Shah: Okay, sir. And sir, I see that your CDMO business has grown roughly 35% to 39% in terms of revenue. And you say that the API prices has moved by 5% to 6%. So volume growth is more than 20% in that case?

Sahil Maheshwari: Yes. So as I also mentioned in my earlier call, for the last 4 quarters, every quarter compared to the previous quarter last fiscal, we have grown above 20% in our volume.

Axay Shah: So can you share what was the volume growth in this quarter Y-o-Y?

Sahil Maheshwari: So broadly, this is above 20%. So month-wise as well as quarter-wise, this should be above 20%.

Moderator: We have the next question from the line of Praveen Jayaraman from Avendus Spark Institutional Equities.

Praveen Jayaraman: My first question would be on the R&D side. What would be our R&D expense as a percentage of our top line? And what would be a steady-state R&D expense?

Sahil Maheshwari: So this is broadly 3% of our revenues. We largely do roughly INR130-odd crores in our R&D. The whole endeavour for R&D is how can we have good products identified, researched upon. As we move into the regulated markets, we expect this R&D expense also to move up. But broadly 3%-odd, 3%, 3.5% is something for the sake from the CDMO revenue that we expect to reinvest into quality pipeline assets.

Praveen Jayaraman: What would be the manpower behind this, sir in terms of count?

Sahil Maheshwari: We broadly have 375 scientists and roughly 100-odd people who support the R&D apart from scientists. So that is broadly our pool of R&D manpower.

Praveen Jayaraman: Sir, in terms of the major contracts which we speak upon, be it Zambia, the European one, which will be the upcoming ones. Do we have like big similar contracts in pipeline, which we are working on, which would be the upcoming ones in the near future, which we could end up on?

Sahil Maheshwari: So there's nothing which we have disclosed as of now. So I'll rest over here. While the endeavour always remain how do we grow the business, there's nothing which we have disclosed as of now.

Moderator: We have the next question from the line of Sangeeta Purushottam from Cogito Advisors.

Sangeeta Purushottam: Firstly, congratulations for a great set of numbers. I had 2 questions. One is that as far as the CDMO business is concerned, what should we take as an outlook in terms of growth for the rest of the year as well as for next year? If you could give some color on that? The second question is on the domestic branded formulation business.

If you could give us some sense of what is actually happening there? Why is it that we have seen a dip in the EBITDA? Are there any challenges that you're looking at, which are likely to get resolved going forward? Just some color on what's happening there and what are your expectations for this business?

Sahil Maheshwari: Sure. So I'll address both. First is on the CDMO side of the business. So our top line is governed by 2 things, volume and price. As I just mentioned, price is on a slight upward trend, but we really don't know how the long-term trading of the API prices would look like.

On the volumes, as of now as I said, we have seen multiple quarters where the volume growth was significant and we have a 60-odd day of order cycle visibility. So for the current quarter as well, we see good traction in our penetration in the CDMO services. So the volume growth still continues to remain healthy.

As we progress, we'll be able to tell, but there is no reason why to believe that the volume growth will not be there in the API market. So that's there on the CDMO segment. On the Akumentis, if you really look at on the gross margin level, this has continued maintaining a 74%, 75% gross margin business.

So most of our EBITDA drag was due to an investment into the manpower. So we broadly moved up from a 1,400 MR count to a 1,600 MR count on top of which, there is a 450 line manager across both second and third line managers.

So the idea today is since it's a growing business, it's sub INR500-odd crores business. We today are almost 56, 57-odd rank in India. So the whole idea is how can we further grow this business vertical. So we are investing into our manpower. We are investing into launching new products.

Our new product launches almost contributed half of our growth. So these are the initiatives which we are taking from a long-term vision of how do we see this company 3 or 4 years down the line and hence, we are doing all the right initiatives, which will help us grow this business.

So not specifically looking at quarter-to-quarter; whether it was INR10 crores, INR12 crores, INR24-odd crores EBITDA. The investments are going into manpower, which I would like to say.

Sangeeta Purushottam: Okay. And if I can just squeeze in a related question. How do the trade generics then fit into the picture? What do you expect from that business?

Sahil Maheshwari: So trade generics was -- if we had to just have a historical flavor on to it, trade generics was a key business segment for us, which at one point in time even contributed above INR400-odd crores for us. It had 2 major challenges. One was there was a huge working capital cycle, which was involved in this business.

And secondly, the margins were not supportive of driving this long-term growth. So we decided to prune down this business, which was well stated as our objective for FY25 and subsequently in FY26, we also had a time where we reduced the EBITDA losses.

This quarter, for the last 3 quarters, we have been doing it. Now what we have done is so trade generics, you also have to appreciate is that there might be an opportunity in the future where trade generics get sizable momentum.

There have been talks around that you would have discontinuation of branded play. You had talks around Tier 3, Tier 4 geographies where the supply network would be built around the resilience in supply chain. So all of this. So we have kept pockets of the businesses which are profitable, extremely lean structure.

So if you see, the idea is not to lose money over there, but to keep a foot in the door that if any time this business becomes a meaningful opportunity, we still have distributor connects, products in the shelf of the chemists and also some lean field force, which will help us grow the business. So that's where the group today thinks is we are not losing money. It is not asking us to employ more capital. And hence, this is the current state of our ambition with these businesses.

Moderator: Ladies and gentlemen, that was the last question and with that, we conclude the question-and-answer session. I now hand the conference over to Mr. Ankit Jain for the closing comments.

Ankit Jain: Thank you, everyone, for attending the earnings call for Akums. If you have any remaining questions, you can reach out to the Investor Relations team. Thank you and have a good day.

Sandeep Jain: Thank you very much.

Moderator: Thank you, members of the management. On behalf of Akums Drugs and Pharmaceuticals Limited, we conclude this conference. Thank you, everyone, for joining with us today and you may now disconnect your lines.

Note: This does not purport to be a verbatim account of the earnings call. It has been edited for readability and statements made in Hindi if any have been translated to English.